

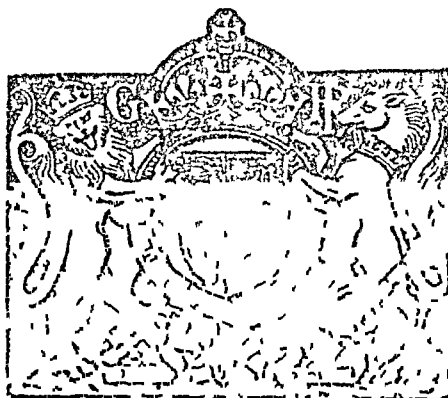


**REPORT**  
**OF THE**  
**PUBLIC ACCOUNTS COMMITTEE**  
**ON THE**  
**ACCOUNTS OF 1929-30**

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**Volume I—Report**

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**SIMLA**  
**GOVERNMENT OF INDIA PRESS**  
**1932**





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**Composition of the Committee on Public Accounts which met in 1931 (*vide* rule 51 of the Indian Legislative Rules).**

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*Chairman*

- 1 The Hon'ble Sir GEORGE SCHUSTER, Finance Member.

<i>Elected Members.</i>	<i>Date of election.</i>
2 Mr S C MITRA	16th March 1931.
3 Kunwar Hajee ISMAIL ALIKHAN ..	Do
4 Sardar SANT SINGH . ..	Do
5 Mr T N RAMAKRISHNA RLDDI ..	Do
6 Mr B DAS . . .	Do.
7 Mr ABDUL MATIN CHAUDHURY ..	Do
8 Rao Bahadur M C RAJAH ..	Do.
9 Mr MUHAMMAD ANWAR-UL-AZIM ..	Do.

<i>Nominated Members</i>	<i>Date of nomination</i>
10 Maulvi Sir MUHAMMAD YAKUB ..	21st March 1931.
11 Mr J RAMSAY SCOTT . ..	Do
12 Dr R D DALAL .. ..	23rd September 1931.

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# Report of the Public Accounts Committee on the Accounts of 1929-30.

## 1 Excess Votes

*General Summary*—The following table compares the total grants voted by the Legislative Assembly with the total expenditure against those grants —

(In lakhs of rupees )

	Original grant	Supplementary grant	Final grant	Actual expenditure
Expenditure charged to Revenue	1,10,66	4,61	1,15,27	1,12,93
Expenditure charged to Capital	36,03	18	36,21	32,46
Total Expenditure	1,46,69	4,79	1,51,48	1,45,39
Disbursements of Loans and Advances	15,01	82	15,83	15,87
Grand Total	1,61,70	5,61	1,67,31	1,61,26

2 The following table compares the non-voted appropriations sanctioned by the Government of India with the total expenditure against such appropriations —

(In lakhs of rupees.)

	Original appropriation	Supplementary appropriation	Final appropriation	Actual expenditure
Expenditure charged to Revenue	1,16,66	2,09	1,18,75	1,17,82
Expenditure charged to Capital	15	2	17	21
Total expenditure	1,16,81	2,11	1,18,92	1,18,03

3 The position regarding total expenditure, voted and non-voted, is as follows —

(In lakhs of rupees )

	Original grant	Final grant	Actual expenditure
Expenditure charged to Revenue	2,27,32	2,34,02	2,30,75
Expenditure charged to Capital	36,18	36,38	32,67
Total expenditure	2,63,50	2,70,40	2,63,42
Disbursements of Loans and Advances	15,01	15,83	15,87
Grand Total	2,78,51	2,86,23	2,79,29

4 *Savings*—There was thus a saving of 6,94 lakhs or 2.4 per cent of the final grant. This percentage compares as follows with the results of previous years —

	1925-26	1926-27	1927-28	1928-29	1929-30
Expenditure charged to Revenue	3.0	2.9	6	1.1	1.4
Expenditure charged to Capital	15.5	5.8	3.4	3.8	10.2
Disbursements of Loans and Advances	36.7	16.1	1	— 3	— 3
Combined percentage	6.7	3.8	1.0	1.4	2.4

It is to be noted, however, that the saving under capital expenditure was particularly large. For this the Railways were mainly responsible, and the result thus attained in their case was due to the deliberate policy of postponing new projects which had to be adopted by the Railway Board owing to the general financial situation and the necessity for restriction of borrowing by the Government of India.

5 The following table compares the percentage of savings under voted grants for expenditure proper (*i.e.*, exclusive of disbursements of loans and advances) with that of savings in non-voted appropriations —

Year	Voted	Non-voted
1925-26	7.8	1.4
1926-27	5.2	1.0
1927-28	— 4	2.8
1928-29	2.4	3
1929-30	4.0	8

If it is remembered that out of a total saving of 609 lakhs under voted expenditure a saving of nearly 2 crores occurred under capital expenditure in circumstances explained in the preceding paragraph, it may be stated that the steady and continuous improvement in estimating noticed in the last year's report was maintained during the year under review.

6 *Excesses*—In the following cases the actual expenditure exceeds voted grants and an excess vote of the Assembly is accordingly required —

Item No	Number of Grant	Grant	Amount voted by the Assembly	Actual expenditure	Excess
		<i>Civil</i>	Rs	Rs	Rs
1	22	Irrigation, Navigation, etc	26,44,000	29,65,754	3,21,754
2	25	Interest on ordinary Debt, etc	1,41,77,000	2,20,75,225	78,98,225
3	22	Public Service Commission	86,000	86,411	411
4	35	Finance Department	10,87,000	10,87,973	2,973
5	43	Administration of Justice	55,000	55,614	614
6	46	Lighthouses and Light-hips	10,90,000	13,68,423	2,78,423
7	70	Mint	27,18,000	28,21,746	1,03,746
8	81	Reputation	5,23,000	5,44,199	1,199
9	93	Capital Outlay on Lighthouses and Lightships	8,690	12,821	4,821
10	95	Delhi Capital Outlay	1,31,58,000	1,32,80,295	1,22,295
11	97	Loans and Advances bearing Interest	14,62,41,000	15,01,36,936	8,95,936
		<i>Posts and Telegraphs</i>			
12	23	Indian Posts and Telegraphs Department	11,13,29,000	11,31,03,774	17,74,774
		<i>Parways</i>			
13	1	Revenue—Railways Board	12,61,000	12,63,190	2,196
14	4	Revenue—Working expenses—Administration	13,50,25,000	13,62,87,820	12,62,820
15	10	Revenue—Appropriation from Depreciation Fund	11,50,00,000	11,76,18,511	26,18,511
16	13	Revenue—Appropriation from the Reserve Fund	86,30,000	2,08,21,706	1,21,91,706

7 We offer the following comments in regard to the various excesses —

*Item 1*—The excess occurred in the North-West Frontier Province and was due to the fact that under a misapprehension the *net* expenditure only (inclusive of anticipated recoveries) was provided for in the original demand instead of the *gross* expenditure

*Item 2*—The excess mainly occurred under the sub-head “Other appropriations” for reduction or avoidance of debt. There was a saving under the non-voted section of this sub-head due to the non-utilization of the provision for redemption of India’s outstanding liability in respect of the British 5 % War Loan, 1929—47. As the total provision for reduction or avoidance of debt is fixed in accordance with the Government of India, Finance Department, Resolution of the 9th December 1924, the saving in the non-voted section of the grant led to a corresponding excess in the voted section.



*Item 3*—The excess is trifling being less than  $\frac{1}{2}$  of one per cent of the grant

*Item 4*—Although there is an excess over the grant, both voted and non-voted, the Accountant General has observed that the estimating and control represent on the whole an improvement over those of previous years

*Item 5*—The excess represents the leave salary of an officer on foreign service debited through the Exchange Accounts for adjustment towards the close of the year, when it was too late to obtain additional grant

*Item 6*—The original amount provided for transfer to the General Reserve Fund of Lighthouses and Lightships was Rs 1,26,800. The actual surplus realized and transferred during the year was Rs 5,57,518, the excess being due to an increase in receipts and some decrease in expenditure. The year 1929-30 was the first year in which the Lighthouse administration was centralised and we were informed that it was an extremely difficult task to make a correct estimate of revenue

*Item 7*—This is the first year, in recent years, in which an excess has occurred in the voted grant. Heavier receipts of uncurrent silver coins in the Bombay Mint led to an increase in the loss on coinage. The loss represents the difference between the face value of the coins and their bullion value on the basis of one rupee per *tola*. The supplementary grant obtained in February 1930 proved to be inadequate as the receipts of coin in February and March were unexpectedly large

*Item 8*—The excess is trifling, being less than  $\frac{1}{4}$ th of one per cent of the grant

*Item 9*—As in the case of revenue expenditure, estimating and control of capital expenditure on Lighthouses and Lightships were rendered difficult by the fact that the administration of the subject was taken over by the Government of India for the first time in 1929-30

*Item 10*—The excess over the voted grant was approximately .9 per cent. and the Accountant General, Central Revenues, has observed that, compared with the three preceding years when there was a saving of 43, 40 and 17 per cent, respectively, the control over expenditure during the year under review shows a considerable improvement. The excess was due to the fact that the lump deduction of Rs 15,53,500 for probable savings was not fully realized.

*Item 11*—The excess was mainly due to the transactions of the Provincial Loans Fund. Smaller repayment by one province towards the close of the year and over-drafts in two other provinces which had to be converted into regular advances in the accounts of the year contributed to the result

*Item 12*—The excess was chiefly due to an under-estimate of the requirements under "Stamps, Post cards, etc." and under "Stationery and Printing" and to an inadequate appreciation of the effect of revisions of pay and other concessions sanctioned in recent years. We are assured that estimating has now considerably improved and that sufficient experience has now been gained to make it possible for the estimating officers to make a fairly accurate allowance for the effect of revisions of pay and other concessions

*Item 13*—The excess is trifling, being about 1/6th of one per cent of the grant

*Item 14*—The largest part of the excess occurred on the Great Indian Peninsula Railway and was mostly due to extra expenditure incurred on account of the strike on that Railway. The Director of Railway Audit has remarked that the budgeting under this grant has, on the whole, been very close

*Item 15*—As pointed out by the Director of Railway Audit, there have been excesses for three consecutive years under this grant. Despite the fact that the excess this year was due to a special adjustment on account of write-back of credit for released materials, the Director has remarked that the successive excesses for three years are a "blemish" in estimating. We would invite the attention of the Railway Board to these remarks and hope for improvement in future years.

*Item 16*—When the supplementary grant under this head was applied for in February 1930, the weekly railway earnings showed an upward tendency and it was hoped that it would be possible to pay the full contributions to general revenues by drawing not more than 86 lakhs from the Reserve. But the hopes of permanent improvement were not realised, partly due to the world depression and partly due to the strike in the Great Indian Peninsula Railway, with the result that a withdrawal of about 208 lakhs from the Reserve was rendered necessary.

8. The total number of voted grants in which there has been an excess during the year compares as follows with the corresponding numbers in the last three years —

1926-27	.	.	.	.	15
1927-28	.	.	.	.	13
1928-29	.	.	.	.	11
1929-30	.	.	.	.	16

If allowance be made for the fact that 2 out of the 16 items, though technically excesses in expenditure, were due to short fall in revenue, and that another item was due to recoveries being taken in deduction of the original demand but not taken as a deduction from actual expenditure in the Appropriation Accounts, it may be stated that the position during the year does not compare unfavourably with that in recent years. We recommend that the Assembly assent to the excess grants detailed in paragraph 6 above, which the Governor General in Council will place before them in due course.

9 *Re-appropriations, etc*—Rule 52(2) of the Indian Legislative Rules requires that we should bring to the notice of the Assembly every re-appropriation from one grant to another grant, every re-appropriation within a grant, which is not made in accordance with such rules as may be prescribed by the Finance Department, and all expenditure which the Finance Department have requested should be brought to the notice of the Assembly. We are glad to be able to report that there have been no re-appropriations falling

under these categories during the year, nor have the Finance Department requested us to bring to the notice of the Assembly any particular item of expenditure.

## II — Comments on matters outstanding from previous Reports

10 *Reviews of Commercial undertakings—Civil Department*—Our predecessors rightly attached considerable importance to the question of obtaining more up-to-date reviews of Government commercial undertakings than those with which the Public Accounts Committee were furnished in the ordinary course, and their main objective was to arrive at a comparison of the results of a series of years including the audited figures of the year subsequent to the one which was normally under the Committee's scrutiny. So far as the Civil Department is concerned, the Director of Commercial Audit has, in addition to the Commercial Accounts Appendix to the Appropriation Accounts, furnished us with a summary of working results of a number of commercial concerns of the Government of India for the financial year 1930-31. We agree with the Auditor General that the form in which the Appendix has been produced on the present occasion has been considerably improved, one notable feature of the present Appendix being the inclusion of a number of financial reviews by the officers in administrative charge of the commercial concerns. We are glad to state that much has been done to meet the wishes of the Public Accounts Committee as expressed on previous occasions and we desire to place on record our appreciation of the very useful work done by the Director of Commercial Audit in this matter. In view of the importance to the tax-payer of the introduction of proper commercial accounts, in all the strictly commercial concerns of the Government, and of the careful watching of results in these concerns, we recommend that proposals for retrenchment in connection with the Commercial Audit Department should be so adapted as to ensure that the continuance of the very useful work hitherto done by the Department in this regard, should not be jeopardised. We particularly desire that the Appendix to the Appropriation Accounts on commercial concerns should be continued in its present form, which should further be supplemented by a more up-to-date summary of working results such as that compiled and presented by the Director in the current year.

11 *Reviews of commercial undertakings—Railway Department*—As regards Railways, the Public Accounts Committee in last year's Report recommended that the Railway Department should prepare "a simple form of report on the working of the Railways, summarising the reports of Agents, taking out the salient points therein, and bringing out the sort of features, to which the Chairman of a public Railway Company would call attention in his speech at the annual meeting of the shareholders." The Committee thought that "such a report might well be supplemented by simplified statistics on the one side and on the other by a note giving simple instructions as to how to interpret, and what points to look for in Railway statistics." We observe that, although we have been supplied with supplementary statistics and an explanatory

note (Appendix XXV) these are capable of improvement as pointed out below (paragraph 14), while our main requirement, namely, presentation of a general picture for all the Railways bringing out the points of real importance in their working, has not been met. In the absence of any general picture in each case, prepared so as to bring out the salient and important points we are inevitably forced to go into a large number of details, and minor cases of irregularities which, under existing arrangements, are presented to us in a disconnected fashion and not classified so as to illustrate any principle. We consider this wrong both from the point of view of the Public Accounts Committee and the Railways. While the Railway authorities, on the one hand, may not unreasonably—as is apparently the case—feel that neither the Assembly nor the Public Accounts Committee should attempt to interfere with the ordinary daily administration of a large commercial undertaking, the Committee, on the other hand, has a legitimate complaint in that it is not being presented with a clear and helpful picture which would enable it to concentrate on points on which representatives of the public have a right to interfere and ask for information. Our requirements in this connection have to be considered together with the manner in which the Appropriation Accounts are presented. On this latter point we have to record in a separate paragraph of this report (paragraph 25) our dissatisfaction with the manner of presentation for the year under review and that paragraph must be read together with these comments. We think it desirable to record at this stage somewhat fully our conception of the task which should be performed by the Public Accounts Committee in connection with the Railways and what it requires from the Railway authorities in order to enable them to perform this task.

12 According to our conception the task is of a two-fold nature —

- (a) To watch the general financial results of the working of the Railways
- (b) To see that public money voted for Railway expenditure is properly expended and accurately accounted for

In order to perform part (a) of the task an exhaustive and clear general review of the working of the Railways, on the lines described above, is required. The duty of compiling such a report properly belongs to the administrative officers of the Railways, *i e*, the Agents of the various Railway systems and the Chief Commissioner. In order to perform part (b) of the task the Appropriation Accounts should be presented in an informative manner. The duty in this respect properly appertains to the Chief Accounting Officer, *viz*, the Financial Commissioner. As already noted, we have dealt more fully with this in paragraph 25 of this report.

13 As an illustration of the sort of point which the Committee ought to watch in connection with part (a) of its task, we would refer to Statement A in the Auditor General's letter, which shows that the capital at charge at the close of the year 1924 was 595 crores and that at the end of 1931-32, according to budget estimates, 795 crores. It is vitally important that the representatives of the public should be able to form a view as to whether these 200 crores or more properly 160 crores allowing for 40 crores which merely

represented the gain on converting sterling expenditure at 1s 6d instead of 2s have been so invested as to produce an adequate financial return and as really to benefit India. We do not consider that the information now supplied to us is adequate to enable us to discharge this function. While we desire to record our appreciation of the reports on individual Railways which have been circulated to us this year and the note on the interpretation of railway statistics (Appendix XXV) attached to those reports both of which are highly useful, we would like to point out that these reports on individual Railways do not give figures later than 1929-30, and that there is no clear summary of the railway results for India as a whole, putting together a combined picture, calling attention to the salient points making comparisons between one Railway and another and generally pointing to the lessons to be drawn from the points brought out. Nor is there a general review of the progress of capital expenditure and of the results obtained from recent investments in railway extensions in which we are specially interested. It appears from our examination of the Chief Commissioner of Railways that he had not fully understood what the Committee wanted last year but now that this has been made clear we understand that he will do his utmost to meet our wishes in future.

14 As regards the precise points for improvement in the presentation of the reports and statistics (referred to in the preceding paragraph), we note the following. In the first place we would like to have the reports on the working of the individual railway systems completed up to the end of the preceding financial year in the same way as the general review mentioned above. In the second place, we suggest that each of these reports on individual Railways should include, in addition to the information now given, a short summary note from each Agent giving an expression of his views and conclusions drawn from the actual results recorded. Thirdly, we have noted certain discrepancies between the figures given in these reports on individual Railways and those in Statement B of the Auditor General's letter, and we suggest that the figures in the Railway Board's notes should in future be prepared on the same basis as the Auditor General's Statement.

15 *Review of commercial undertakings—Army Department*—As regards trading accounts on the military side, the Public Accounts Committee last year proposed to await the result of the joint examination by the Directors of Army and Commercial Audit as to the necessity for preparation and publication of such trading accounts for the Army, Ordnance and Clothing Factories and for other manufacturing or producing concerns of the Army. We have been furnished with a Memorandum on the subject by the Director of Army Audit showing the results of the joint examination by him and the Director of Commercial Audit (*vide* Annexure A to Appendix XVIII). At the instance of the Military Accounts Committee, which considered the Military Appropriation Accounts, this Memorandum is being examined by the Military Authorities, the Military Accountant-General and the Financial Adviser, Military Finance. We prefer to await the views of the Military authorities and the Military Accounts Committee before we make any specific recommendations, but we have no hesitation in endorsing the observations of the latter that, from the point of view of the Government and the tax-payer, it is of vital importance to ensure that the

actual cost of production of articles manufactured by Government concerns is reasonable.

16. *Indian Stores Department*—The question of making the Indian Stores Department self-supporting, which has for some years had the attention of the Public Accounts Committee, again requires notice in connection with the accounts of the year 1929-30. In pursuance of the previous recommendations we were furnished by the Chief Controller of Stores with a note on the separate exhibition of the expenditure of the commercial and non-commercial activities of the Department in consultation with the Audit Officer, Indian Stores Department, and the Director of Commercial Audit (*vide* Appendix XXIV). The profit and loss account of the Department for 1930-31 (Annexure B to Appendix XXIV), drawn up on the basis of the allocation of expenditure suggested in the Chief Controller's note, shows the loss on the commercial and non-commercial activities as about Rs 6 lakhs and Rs 3½ lakhs, respectively. We had no time to examine fully the basis of allocation of expenditure between the two classes of activities. We are further not in a position to judge how the recommendations of the Retrenchment Sub-Committee will affect the financial position of the Department as disclosed in the new form of profit and loss account. We note that the whole question of the present and future position of the Department is under investigation by the Retrenchment Sub-Committee. We, therefore, refrain from making any recommendation this year in regard to such matters as the adequacy of the present rate of commission charged by the Department, the relations between the Department and the two big purchasing Departments of the Government of India, namely, the Railways and the Army, etc., and shall await a full report next year on the subject in the light of the recommendations of the Retrenchment Sub-Committee. We request that this report should be accompanied by a statement showing the financial position of the commercial and non-commercial activities of the Department separately and for this purpose it is necessary that the Chief Controller's note (Appendix XXIV) referred to above, regarding allocation of expenditure should be carefully examined by the Finance Department in consultation with the Auditor General.

17 *Stores Accounting on the East Indian Railway*.—The Public Accounts Committee last year viewed with great concern the state of affairs in the Stores Accounts Section of the East Indian Railway and asked for an *interim* report to be submitted early in February 1931. The Controller of Railway Accounts furnished us with an *interim* report (Annexure A to Appendix XIX) on the 5th February 1931, which was followed by his final report (Annexure B to Appendix XIX) on the 20th June 1931. We are glad to note, on the testimony of the Director of Railway Audit, that the Controller has carried out his assurance to the last Public Accounts Committee, and has made the Stores Accounts of the Railway such that they can be described as giving a true and correct record of the stores transactions of the Railway. As pointed out by the Director, practical experience alone will afford a true test of the efficiency of the new organisation, but in order to ensure the success of the new system we asked for, and obtained, an assurance from the Financial Commissioner that there would not be any diminution of vigilance on the part of the Chief Accounts Officer. We wish further to stress the importance in this connection of continuity as well as efficiency of the staff employed in the Stores Accounts Section of the particular Railway.

18 We endorse the following observations of the Director of Railway Audit (*vide* Appendix XIX) on the lessons to be learnt from this unfortunate episode —

‘ The history of the East Indian Railway Stores accounting affords three important lessons, and, if these are kept in mind, there should be no recurrence of similar unfortunate episodes. In the first place, it is necessary that when any big and new scheme which has an important effect on accounts is to be introduced, whether it be the amalgamation of two railways or the introduction of a machine system of accounting, it must be worked out carefully down to the smallest detail, if disorganisation and the consequent waste of Government money is not to result. In the second place, the maintenance of an up-to-date and standard nomenclature is the prime essential for the correct accounting of Stores transactions. Thirdly, when Stores accounts become disorganised or fall into arrears, accounting authorities must concentrate on removing the disorganisation, in the final event by heroic methods if others fail, before disorganisation becomes a chronic state, and it is essential that the higher controlling officers in the Railway Department should keep a constant watch on the state of the Stores accounts on the various railways ”

We have specially requested the Financial Commissioner to address the Agents of all Railways in regard to this matter and to ask them to make a special record of it. We were informed that all Chief Accounts Officers have already been addressed on the subject but we have emphasised that Agents should also be separately addressed.

19 *Combined Audit and Accounts Office for the Andamans* — The establishment of a combined Audit and Accounts Office for the Andamans has engaged the attention of the Public Accounts Committee since 1926-27. As considerable expenditure is being incurred on the development of various undertakings in the Island, and as owing to the fact that an irregular shipping service between India and the Andamans and other conditions make it difficult to watch the progress of expenditure, the Committee of last year reiterated the recommendation of its predecessors that a combined Audit and Accounts Office should be established in the Island as early as possible. We have been informed that owing to financial stringency the scheme has been for the present dropped. We consider this unfortunate. The Accountant General, Central Revenues, has pointed out in his Appropriation Accounts that large variations under certain sub-heads of the Grant indicate the necessity of more careful estimating and control over expenditure on the part of the Local Administration and the Commissariat officer, and the Auditor General has added that the Chief Commissioner is at present in a very difficult position, as no form of proper financial advice is available to him locally. The Auditor General has suggested that the position might be met by deputing a trained Assistant Accounts Officer to do the work of the Treasury Officer, and also to look after the accounts and give financial advice to the head of the Administration. We consider that the matter ought not to be regarded as permanently dropped, and recommend that even in the present financial stringency it is desirable from the point of view of

financial control that an effort should be made to improve the present position. We, therefore, commend the economical proposal of the Auditor General for the consideration of the Government, and we suggest that any extra expenditure involved in this might be more than counter-balanced by a reduction in general administrative staff.

20 *Kangra Valley Railway* — Before we conclude this section of our report, we wish to refer to a matter of some general importance arising out of a railway transaction which formed the subject of a previous recommendation of the Public Accounts Committee, *viz*, the Kangra Valley Railway. We examined the Chief Commissioner for Railways last year on the question of control over project estimates with reference to this particular scheme and we were informed that a Committee was then sitting and making an investigation into the matter. This question was again referred to in the Legislative Assembly during the discussion on the Report of the Public Accounts Committee in February 1931, while in the course of the debate on the Railway budget the Financial Commissioner stated that though the Committee appointed to investigate the matter had reported and the Government of India had practically formed their conclusions on the subject, the matter was still under correspondence with the Secretary of State and that the decision, when arrived at, would be made known to the members of the Assembly and the Public Accounts Committee. Although a final decision had since been reached, owing to some misunderstanding it was not communicated to us until we asked for it. We must comment upon this as unsatisfactory, and we must record our view that when any transactions, which are the subject of recommendations by the Public Accounts Committee, are concluded, the final result should invariably be reported to the Committee at the earliest available opportunity. In the present case the Railway Board have now provided us with copies of the Report and a note on the action taken (Appendix XXVIII).

21 *Other outstanding points* — The record of our treatment of other outstanding questions is included in the records of our proceedings which should be read together with this report and dealt with in exactly the same manner. This was the first year when the Government of India did not issue their resolution on the recommendations of the Public Accounts Committee and the Finance Department prepared quarterly statements, of action taken by various Departments on the Committee's recommendations. While recording our appreciation of these quarterly statements, we wish to point out that the Finance Department has yet to evolve an entirely satisfactory machinery to expedite and co-ordinate departmental action on our recommendations. Various instances came to our notice where it appeared that Departments adopted a dilatory attitude in regard to our recommendations. We consider that each Department should delegate the duty of scrutinising our Report to a responsible Officer of the Department and that such Officer should be in close touch with the Secretary of the Public Accounts Committee throughout the year. We desire to make a special note of the following points:

(1) A number of recommendations made by previous Committees are still outstanding, pending consideration in connection with the impending constitutional changes. They have been brought to our notice in the usual way by inclusion in the list of outstandings prepared by the Finance Department. We



suggest that these recommendations be noted in a special appendix for necessary action at the proper time, and that the appendix need not be printed and circulated to the Committee in future.

(2) The attention of the Public Accounts Committee was drawn last year to the large stocks of gamine held by the Central Government, and the Committee suggested that the Government of India should try to dispose of 20 per cent. of the stock at a special cheap price and thereby create a better demand for the balance. We were informed this year that the stock on the 30th June last amounted to 300,000 lbs. that 150,000 lbs. were adequate for emergency, and that the Department of the Government of India concerned was considering, in consultation with Local Governments, a new method of disposing of the surplus (in special phials at a cheap price) as suggested by the Director General Indian Medical Service. We consider it unjustifiable that a large amount of surplus stock should be held, and recommend that the surplus should be disposed of in some way so as either to bring money to the Government of India or to give benefit to the malarial stricken population of India.

### III.—Important comments on matters arising out of the Accounts for 1929-30.

22 *Purpose of the Appropriation Accounts*—As the heading of this section implies, we, in the Public Accounts Committee, while studying generally the whole of the Appropriation Accounts and the Reports thereon, can give special attention only to the more important points arising therefrom and it is necessary, as pointed out by the Auditor General, that all authorities concerned with the controlling of grants should study, carefully and in detail, those portions of the Appropriation Accounts which relate to the grants under their control, together with the connected comments and suggestions of the officers of the Auditor General's Department. The object of such a study by the controlling officers should be to apply the lessons of the Appropriation Accounts to their future administration of public funds. In the words of the Auditor General, "if an understanding of this kind is definitely established the educative effect of appropriation audit will be greatly promoted, without the Public Accounts Committee being required to enter into detail to an extent which is neither practicable nor suitable". We strongly endorse these observations of the Auditor General and desire to emphasise the principle on which they are based, viz., that the study of their accounts is an essential part of the normal functions of administrative officers and that they should take advantage of their lessons and correct irregularities without relying on the audit staff or the Public Accounts Committee to call their attention to these points. We consider that the Finance Department of the Government of India should watch the fulfilment of this essential purpose of the Appropriation Accounts. We shall further be glad if the Auditor General will bring to our notice any cases in which he or his principal auditor may have reason to believe that sufficient action has

not been taken on the suggestions in the Appropriation Accounts in all cases, regardless of whether they have been specially commented on by us or not

23 *Form of the Appropriation Accounts—Civil Department*—We may now turn to a general question regarding the form of the Appropriation Accounts and of the reports thereon. We have already stated that we approve of the form in which the Director of Commercial Audit has presented the review of the commercial concerns in the present year. We have no important suggestions for improvement to make in regard to the form of the Appropriation Accounts compiled by the Accountant General, Central Revenues.

24. *Form of the Appropriation Accounts—Army Department*—As regards the Appropriation Accounts relating to the Army, prepared by the Financial Adviser, Military Finance, the form of the Accounts has on the present occasion, been considerably improved and the narrative survey is a particularly interesting and useful document. We have made some detailed suggestions in our proceedings, including the proceedings of the Military Accounts Committee, for making the document more informative and, subject to any changes necessary in the light of these suggestions, we recommend that future Accounts should continue to be prepared in the same form as those for the year 1929-30. We have no suggestions to make in regard to the Report of the Director of Army Audit.

25 *Form of the Appropriation Accounts—Railway Department*—As regards the Appropriation Accounts of Railways prepared by the Financial Commissioner, Railways, however, we have to note that, in their present form, these Accounts entirely fail to meet our requirements. We have been presented merely with a document containing the bare figures of the Appropriation Accounts, together with explanatory footnotes on individual items. While the Financial Commissioner has, by presenting a document in this form, supplied the prescribed details and formally complied with the orders on the subject, the information is given in such a form as to fail to meet the substantial purpose which we consider should be attained. There is no general picture of the financial results, no general survey of the state of the financial administration. Nor is there an analysis of the results of the audit scrutiny conducted by the Railway Accounts Department as part of the internal check of Railway Accounts. In other words, a general picture of all the main facts which lie behind the Railway Appropriation Accounts, such as is available to us in the case of the Military Appropriation Accounts, is lacking. We have discussed this matter very fully with the Financial Commissioner, who has undertaken to bring his Appropriation Accounts into line with those prepared by the Military Financial Adviser. Having obtained this undertaking, further comment may be deferred until the Public Accounts Committee has before it next year the Accounts in the improved form which has been promised. In this connection we desire particularly to endorse the remarks in the Auditor General's letter about the functions and relative importance of the Appropriation Accounts and the Report of the Director of Railway Audit. We may quote the following passage from this letter—

“It follows also, and it is, I think, generally acknowledged that the accounts organisation though described as purely ‘accounts

is responsible not only for the task of accounting but also for the duties of internal audit and the tendering of financial advice which under the system previously existing were entrusted to the combined offices of accounts and audit. The accounting organisation retains, to some extent at any rate, the duty of criticising the financial administration, of preventing financial irregularities, and so forth. And it will further be evident that the accounting organisation is in a better position than the Audit Department to discharge these functions, since the former is in continuous touch with the financial administration, and passes in review from day to day, series of transactions of the same kind, whereas audit, on the other hand, being merely a test audit, must confine itself in the main (1) to scrutinising the general procedure and processes of accounting, and (2) to examining isolated items of expenditure or receipt. It must be accepted, as a principle underlying the separation of accounts from audit, that the former becomes the predominant influence in regulating current financial administration. It will be clear, therefore, I think, that the accounting organisation is better able to present a general picture of the financial results and the state of the financial administration, which lie behind the figures of the Appropriation Accounts prepared by itself, and I suggest that it should be required to undertake this function."

As already noted, it now remains to see how the Financial Commissioner meets these requirements in the Appropriation Accounts to be considered next year. This paragraph is to be read together with paragraphs 11 to 14 of this report.

26 While recognising the limitations, pointed out by the Auditor General, of the functions which can properly be fulfilled by the Report of the Director of Railway Audit, we nevertheless consider that this report should be of considerable value to the Public Accounts Committee and that its present form could be substantially improved. In the first place, we must point out that it is difficult for the Public Accounts Committee to form conclusions from a mere enumeration of unclassified individual instances of financial irregularity. The most useful results can be obtained if it is possible to institute comparisons between the positions on different Railways and also on the same Railway from year to year. For this purpose we think it is desirable to have a more classified report of the irregularities. While we recognise that the present exhibition of the irregularities under the particular grants may be logical we must point out that it is not helpful for our purposes. The Auditor General reminded us that the Director's audit is only a test audit of transactions for the selection of which individual judgment must play a great part, and further that the Director is not in continuous contact with financial administration in the same way as provincial Accountants General, and that for this reason, the Report of the Director cannot be expected to give a complete and correct picture of the efficiency of administration in the various Railways. Nevertheless we consider that even a comparison of the results of test audit from year to year would still be useful if the results of the comparison were tabulated in the manner suggested by us above. We are glad to find that the Auditor General is able

to accept our views on this subject, and has undertaken to instruct Mr A C Badenoch, Director of Railway Audit, to investigate, during his examination of the separated audit of Railway expenditure and receipts in the coming cold weather, in what directions test audit could be usefully directed and how the form of presentation of the results of the test audit could be improved

27 *New Service* —The Auditor General has, as usual, prepared a memorandum of doubtful cases of "New Service" appearing in the Accounts for 1929-30 (Appendix IX)

28 *Expenditure on traffic surveys on the Great Indian Peninsula Railway* — During the course of the year the Administration incurred expenditure on eight traffic surveys involving, individually in that year, charges varying from Rs 1,000 to Rs 14,000. None of these cases was specifically provided for or contemplated in the budget of the year. Three of them, however, had been specifically provided for in the recent budget although expenditure had been postponed. The Auditor General has pointed out that these traffic surveys do not commit the Administration to further expenditure, and he has suggested that the undertaking of such a survey, although not contemplated in the budget of the year, need not, unless the expenditure rises, or is thought likely to rise, to a considerable sum which the Public Accounts Committee might specify, be looked upon as a "new service" or a "new instrument of service" so as to require a specific vote of the Legislature. We agree that so long as the cost of any individual traffic survey is confined within reasonable limits, such expenditure should not properly be considered a "new service" or a "new instrument of service" in view of the fact that traffic surveys have been carried out as a normal part of railway administration from the inception of railways in India. We further accept the suggestion of the Auditor General that Rs 10,000 may be considered to be a reasonable limit, and that the vote of the legislature may be held to be necessary for expenditure on individual surveys exceeding Rs 10,000.

29 *Railway Capital expenditure* —Before leaving the subject of Railways, we should like to refer to a question of paramount importance in the sphere of Railway finance to which reference has already been made in the more general remarks contained in paragraph 11 of this report—*viz*, the *capital expenditure incurred since the separation of Railway from General Finances*. It has been suggested by the Auditor General that the Public Accounts Committee should consider this question from two practical standpoints —

- (1) whether, after duly discounting the effect of recent abnormal conditions, the productivity of capital expenditure incurred since the separation has conformed to expectations ? and
- (2) what, judged in the light of recent and present experience, should future policy be in the matter of incurring further capital expenditure ?

We were reminded by the Chief Commissioner for Railways that the full effect from investments of capital on Railway construction can normally be seen only after a considerable period from the date of the completion of a project—

say, about 7 years, but we consider that the present occasion, when because of the financial position it has in any case become necessary to call a halt in capital expenditure, affords a suitable opportunity for a comprehensive and thorough review of the whole position. We think that this may properly fall within the functions of the Expert Committee, which has been recommended by the Railway Retrenchment Sub-Committee. We would add that if, and when, such an Expert Committee takes up the examination of this question it would be useful for them to carry back their investigation to a point earlier than the separation of Railway from General Finance and to examine the results of all new capital expenditure incurred since the War.

30 In this connection we may quote the following paragraph from the Report of the Director of Railway Audit—

“ 170 The railways have in recent years embarked upon several electrification schemes in different parts of India. Although progress in this direction is no doubt inevitable on such general grounds as additional public convenience, yet in most cases financial benefits have also loomed largely as an incentive to change. In many of the schemes it will be difficult to calculate in the face of a number of changing factors what has been the financial effect of electrification. The Great Indian Peninsula Railway however hopes to be able to separate out the accounts of their electrified sections and the results when presented may serve as a useful guide for future programmes ”

We should like to emphasise the desirability of getting an accurate picture of the financial effects of electrification on various Railways apart from the larger question of the productivity of capital expenditure incurred on Railways generally. We have been told by the Controller of Railway Accounts that there may be certain difficulties in the allocation of expenditure between the electrification scheme and the other branches of the Railway. We recommend that the question should be scientifically studied by the Railway Board, which should find out from British Railways what they have done in similar circumstances and how they have calculated the financial results of their electrification schemes.

31 *Military Accounts Committee*—Before we proceed to consider the Military Appropriation Accounts, we desire to refer to the question of the functions of the Public Accounts Committee in relation to those Accounts. We note that the question has already been examined by the Departments of the Government of India and that it has been held that constitutionally, the Military Appropriation Accounts stand on the same footing as the other Appropriation Accounts, so far as the right of the Committee to deal with the Appropriation Accounts and connected documents is concerned (*vide* Appendix XXIX). We recognise, however, that the present practice of subjecting the Military Appropriation Accounts to a preliminary examination by an *ad hoc* Committee called the Military Accounts Committee (consisting of the Hon'ble the Finance Member, the Financial Secretary and the Controller of Civil Accounts), has its own advantages in view of the highly specialised and

complicated nature of much of the material in those Accounts. We do not accordingly desire to suggest any fundamental change in this procedure, which has become accepted as a convention. The Auditor General informed us that the post of the Controller of Civil Accounts would shortly be converted into that of a Deputy Auditor General and that the latter Officer, exercising as he will no independent function but being essentially a Deputy to the Auditor General, could not suitably be appointed to the Military Accounts Committee. There would thus arise the question of replacing the Controller of Civil Accounts on that Committee and we take this opportunity of recommending a change in the constitution of the Committee, which should, in future, consist of the Hon'ble the Finance Member as Chairman, the Financial Secretary and three unofficial members nominated by the Public Accounts Committee from among themselves.

32 *Military Accounts—Abolition of priced stores ledgers*—The Military Accounts Committee has considered very carefully the proposals made by the Financial Adviser for the abolition of priced stores ledgers in Arsenals and other storage depots (*vide* Appendix XVIII). This question has been discussed by the Army Retrenchment Sub-Committee as a measure of economy expected to result in an annual saving of about Rs. 4½ lakhs. We considered this matter at some length with the assistance of the Financial Adviser, the Auditor General, and the Military Accountant General, and in all our discussions we set prominently before us the proper requirements of the public in regard to information enabling them to scrutinise public expenditure. Viewed from this standpoint the main questions on which it is important that the public should have information are —

- (1) *As regards the transactions of the year*—To what extent cash expenditure on stores during a year represents something more or something less than the normal consumption?
- (2) *As regards the position at the end of the year*—To what extent quantities of stocks held are excessive or deficient as compared with the standard quantities required?

Information on both these questions will enable the public to know whether current expenditure has been more or less than what is normally to be expected, and whether a situation is arising which is likely to upset the budgetary position in the future as a result of the creation of deficiencies which will eventually have to be made up out of revenue. There is also a third and equally important question for assessing the position, namely, to what extent fluctuations in prices have affected expenditure during the year? It was explained by the Financial Adviser, Military Finance, that the only way of providing a statement of the stocks held, which would be intelligible to the public for the purpose of making a comparison from year to year, is to compile a priced list—thus converting all stocks into the common measure of money. Comparison of quantities is hardly possible owing to the vast number of items—about 80,000. On the other hand, he stated emphatically, the comparisons made on the basis of the existing priced lists were really valueless, because these lists only referred to stocks held in certain depots and took no account of stocks held with units, etc. As a practicable measure he

proposed to follow the British practice of giving values of stocks for certain categories, and also to present, in connection with the annual budget estimates, a statement showing how the annual cash expenditure compared with consumption of stocks in respect of certain categories of stores. He further undertook to include in the statement information regarding the effect and extent of price fluctuations during the year, and also to furnish in his Appropriation Accounts an informative statement indicating any important variations from normal holdings under different categories of stores. The statement would in the usual course be test-audited by the Director of Army Audit. We asked the Auditor General for his views on the proposals of the Financial Adviser, and we were informed that he was definitely of opinion that the present statement is of very little practical value and that statements on the lines proposed by the Financial Adviser, designed so as to give information under the heads stated above, would be more useful. Having regard to the views of the Auditor General and to the British practice in the matter and to the direct economies which will result we express our approval of the proposal made by the Financial Adviser.

33. *Control over stores and stocks*.—We have referred in preceding paragraphs and also in various parts of our proceedings, to the important question of control over stores and stores accounting. In his Appendix to the Appropriation Accounts of the Central Government for 1929-30, the Director of Commercial Audit has made some important comments on the subject, and has also dealt with the question of annual verification of stores and stocks, *vide* paragraphs 20—22 of the Appendix. We endorse the comments and observations in these paragraphs, and we suggest that these paragraphs be circulated to all Departments of Government.

34. *Financial position of the Indian Posts and Telegraphs Department*.—We have examined the memorandum (Appendix XXII) furnished by the Department of Industries and Labour on the financial prospects of the Posts and Telegraphs Department, after taking into account the effects of the retrenchment proposals and the measures for increasing revenue, and also the effect of the recommendations of the Posts and Telegraphs Accounts Enquiry Committee. We most emphatically endorse the view that, as a matter of principle, the Department should be self supporting and that whatever steps are necessary to bring this about should be taken, and further that the efforts in the direction should not be relaxed until this result has been achieved. In our view there are three principal lines of action which may help to achieve this purpose,—

- (1) Retrenchment in normal expenditure—including revision of establishment, conditions of pay and service,
- (2) Adjustment of charges to the public, and
- (3) Improvement in commercial management—to secure greater efficiency and increased business—resulting in increased net revenue.

As regards the first line of action, we consider that the recommendations of the Retrenchment Committee hold the field and that at present the main task is to concentrate on giving effect to these. As to the second, we consider,

having regard to the substantial increases recently introduced, that nothing further can be done at present in the direction of adjusting the charges made to the public. As regards the third and last line of action, we are of opinion that it may possibly be advantageous to have an expert enquiry at some later stage but that such an enquiry is not opportune at the present juncture.

35 *Loans to Provincial Governments and Indian States* —Our attention has been drawn by the Auditor General to the comments on page 606 of the Appropriation Accounts of the Accountant General, Central Revenues, regarding the great, and apparently unanticipated, increase in the liability of the Bahawalpur Durbar. We are grateful to our Chairman for a full explanation of the position in this case. We note that he further informed us that the question of technical and financial re-construction of the project is now actually under investigation by a highly qualified expert committee. After hearing the Chairman we desire to place on record our view that the whole question of examination of the financial prospects of projects for which the Government of India is asked to advance loans either to the Provincial Governments or to Indian States is a matter of extreme importance. According to our appreciation, in a number of cases of projects, which are now approaching completion, it is becoming increasingly apparent that the original estimates were faulty, either as regards the cost of the project or as regards the return to be expected, and that heavy losses are likely to be incurred. This indicates that the financial examination by the Government of India in the first place was inadequate. We wish to point out that although the Government of India may in these cases merely have advanced money to the authorities undertaking the projects and may not be itself directly interested in the commercial results, nevertheless the failure of a large project may so upset the financial position of the borrowing authority that it would be unable to meet the services of the loans which it had raised from the Government of India. It is for this reason that the Government of India must, in our opinion, satisfy itself as to the merits of each project for which it is asked to advance money. We desire to record our view that such an examination must be regarded as one of the most vitally important duties of the Government of India, and that the responsibility for it should be clearly laid down so as to avoid any possibility of misunderstanding as to where it lies at all stages of the consideration of any business. We consider that the ultimate responsibility must rest with the Finance Department, which should be properly organised to discharge such responsibility and should receive the co-operation of all other Departments in doing so.

36 In conclusion, we have to mention a subject which was specifically referred to us by the Finance Department at the instance of the Auditor General (*vide* Appendix XXVII), and in which the Legislative Assembly will be interested. The report of the Railway Retrenchment Sub-Committee contained certain recommendations for reduction in expenditure of Railway audit and accounts. These recommendations are being examined by the Government, but we were asked in connection with this examination whether we should be prepared to assent to any substantial diminution in the information as regards railway receipts and expenditure, and in the facilities for financial control, which have been afforded to the Legislature by the existing system. After careful consideration we have to record that our answer to the specific



question put to us must be decisively in the negative, more especially as we feel that even with the existing facilities the opportunities for financial control by the Legislature over railway expenditure are not entirely adequate or satisfactory.

GEORGE SCHUSTER

S C MITRA

ISMAIL ALIKHAN

T N RAMAKRISHNA REDDI.

B DAS

M C RAJAH.

M A AZIM,

MD YAKUB.

RAMSAY SCOTT.

R D. DALAL,

V K ARAVAMUDHA AYYANGAR,

*Secretary.*

*The 28th January 1932*

## IV.—Proceedings of the Committee.

Proceedings of the First meeting of the Public Accounts Committee held on Monday, the 23rd November 1931, at 11 A.M.

### PRESENT

The Hon'ble Sir GEORGE SCHUSTER, *Chairman*

Mr S C MITRA

Kunwar HAJEE ISMAIL AIIKHAN

Mr T N RAMAKRISHNA REDDI.

Mr B DAS

Rao Bahadur M C RAJAH

Mr MUHAMMAD ANWAR-UL-AZIM

Maulvi Sir MUHAMMAD YAKUB

Mr J RAMSAY SCOTT

Dr R D DALAL

Sir ERNST BURDON, Auditor General

*Members*

*Present during the consideration of the Third Quarterly Statement showing action taken or proposed to be taken on recommendations made by the Public Accounts Committee, etc —*

Mr J F MITCHELL, Accountant General, Central Revenues

Mr D C CAMPBELL, Director of Commercial Audit

The Hon'ble Sir ARTHUR McWATTERS, Financial Secretary—*Witness*

In order to suit the convenience of some members of the Committee who were also members of the General Purposes Sub-Committee, and to enable the Chairman to attend the Council of State when the Finance Bill was discussed the Committee decided on a revised programme of work

2 The Committee then proceeded to the consideration of the Quarterly Statement, Appendix I, prepared by the Finance Department showing action taken or proposed to be taken on previous recommendations made by the Public Accounts Committee

3 *Item I—Loss on working the Dairy farm and the Slaughter-house in the Andamans*—The Committee agreed that it was not equitable to charge any portion of the loss on working the Dairy Farm and the Slaughter-house in the Andamans to the Army Estimates. The Committee observed that the loss was decreasing and had become practically negligible

4 The Committee was satisfied with the action taken and the explanation given in regard to items 2, 39, 42, 44, 45, 46, 48, 50, 53, 54, 56, 57, 59, 60, 61 and 62

5 The Committee decided to deal with the following items along with the Appropriation Accounts relating to the relevant grants for the year 1929-30 —  
Items 3, 4, 5 and 58

6 *Item 31—Amendment of leave rules*—The Committee wished to record that this was one of the most important outstanding matters, and that a definite decision ought to be taken in the course of the next year.

7 The Committee accepted the suggestion of the Auditor General that the following items, which had been held up pending revision of the constitution, should be noted in a special appendix for necessary action at the proper time, and that the appendix need not be printed and circulated in future. Items 32, 35, 36, 37, 38, 40, 41, 43 and 52.

8 *Item 33—Treatment of losses of revenue due to fraud, defalcation, etc.—* The Committee was informed that the matter had been very nearly settled and that the rules would shortly be issued.

9 *Item 34—Loss to the State through the irregular action of an officer retiring after the irregularity but before its discovery.*—The Committee desired that the question of recovery of public claims, etc., from the pay and pension of civil officers should be considered in relation to future entrants as a condition of their terms of service.

10 *Item 41—Declaration as non-votable of a votable item of expenditure.*—The Committee desired to have a memorandum\* comparing the total amount of votable and non-votable items of expenditure since 1925-26 to enable it to examine the suggestion that the total amount of expenditure submitted to the vote of the Assembly as compared with non-voted had been reduced during the last few years.

11 *Item 47—Procedure for the discussion of the Report of the Public Accounts Committee.*—The Committee observed that the procedure for the discussion of its report recommended by the Committee which examined the accounts of 1928-29 was sufficiently elastic and could be varied according to the wishes of the Assembly.

12 *Item 19—Review of cases held up pending the constitutional revision.*—It was pointed out by the Financial Secretary that the Finance Department was watching the progress of all financial cases held up pending the constitutional revision, and that the introduction of a special appendix, suggested in paragraph 7 above, would be utilised by the Government for calling attention to all these points when the appropriate opportunity occurred.

13 *Item 55—Giving the public a correct impression of the proceedings of the Public Accounts Committee.* It was explained that the decision of the Government of India not to have the meetings of the Public Accounts Committee open to the Press was based on the practice in the United Kingdom, where the Public Accounts Committee hold their meetings in private, and the Appropriation Accounts the Committee's report and evidence are not available to the public before their publication as parliamentary papers. The Auditor General added that recently a person about whom a statement had been made in an Appropriation Report, under cover of the usual verbal anonymity, had threatened to institute libel proceedings against Government officials responsible for the statement; and that the question had, therefore, arisen whether any privilege exists or, if not, whether some kind of privilege should not be secured for the statements made in the Appropriation Accounts and reports thereon and the Auditor General's comments on these reports. Legislation was required for barring the institution of any kind of legal proceedings in respect of the publication of these documents or of anything contained therein.

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\*Since supplied, vide Appendix XXIII.

and the Committee decided that this point should also be included in the Special Appendix and action in regard to that watched by the Finance Department. The Committee would have been glad to be consulted before a decision was taken but acquiesced in it on the understanding that the Secretary would prepare a daily communiqué for communication to the Press, showing the important matters examined by the Committee during the day. The Committee attached importance to this as it was valuable that the public should get information of its proceedings, which had a considerable educative value.

14 *Item 20 under 'Railways'—Concessions obtained by the Military Department from Railways.*—The Financial Secretary explained that the Railway Department had been making an estimate of the concessions obtained by the Military Department from the Railways by taking certain selected centres and examining the transactions for a month. The Railway Department had received the figures, but was engaged in reconciling certain discrepancies therein. It was hoped that the results of the examination would be available to the Committee at an early date.\*

15 The Committee discussed the procedure for dealing with the report of the Posts and Telegraphs Accounts Enquiry Committee, and accepted the suggestion of the Chairman that it was not necessary for Government to consult the Public Accounts Committee in regard to those recommendations which they accepted, but that in cases where Government felt unable to accept the recommendations, the Committee should be given an opportunity of considering the points involved and recording its views.

16 At this stage the Committee adjourned till 2-30 P.M.

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\* Since made available, vide Appendix XXXV

Proceedings of the Second meeting of the Public Accounts Committee held on  
Monday, the 23rd November 1931, at 2-30 P.M.

PRESENT

The Hon'ble Sir GEORGE SCHUSTER, *Chairman*

Mr S C MITRA

Kunwar HAJEE ISMAIL ALIKHAN

Mr T N RAMAKRISHNA REDDI

Mr B DAS

Rao Bahadur M C RAJAH

Mr MUHAMMAD ANWAR-UL-AZIM

Maulvi Sir MUHAMMAD YAKUB

Mr J RAMSAY SCOTT

Dr R D DALAL

} *Members.*

Sir ERNEST BURDON, Auditor General

The Hon'ble Sir ARTHUR McWATTERS, Financial Secretary.

Mr JAGAT PRASAD, Accountant General, Posts and Telegraphs.

Sir HUBERT SAMS, Director General, Posts and Telegraphs

Mr T RYAN, Joint Secretary, Department of Industries  
and Labour } *Witnesses.*

Mr S P VARMA, Financial Adviser, Posts and Telegraphs

17 The Committee proceeded to consider the Appropriation Accounts of the Posts and Telegraphs Department and the report of the Accountant General thereon, together with the relevant paragraphs of the Auditor General's forwarding letter (Appendix XXXI)

18 The Committee first took up the examination of the list of outstanding items shown under the heading "Posts and Telegraphs" in Appendix I

19 *Item 1—Abolition of the Indo-European Telegraph Department*—The Auditor General had suggested in paragraph 13 of his letter that the Committee might obtain information regarding the settlement as a result of which the Indo-European Telegraph Department had ceased to exist. This matter had been fully explained in a memorandum submitted to the Standing Finance Committee by the Hon'ble Member in charge of the Department of Industries and Labour. After briefly summarising the points in that memorandum, Mr Ryan undertook to circulate\* to the members of the Public Accounts Committee a copy of the same.

20 *Item 2—Utilization of the balances in the Depreciation Fund for capital outlay*—Some members of the Committee expressed the view that the higher rate of interest paid on the balances of the Depreciation Fund since 1930-31 was unduly favourable to the Commercial Department concerned.

21 The Committee decided that the following items may be omitted from future statements—

Items 3, 4 and 10.

22 *Item 5—Presentation of a true picture of the results of the working of the Posts and Telegraphs Department*—The Committee was gratified that the

\* Since circulated. Not printed.

Government of India had promptly appointed the Committee to consider the system of accounting in the Posts and Telegraphs Department as recommended by the Public Accounts Committee in 1929, and that Government were in a position to take early action on the recommendations of the Posts and Telegraphs Accounts Enquiry Committee. The following items would be dealt with by Government in dealing with the report of that Committee, namely —

Items 8, 9 and 11.

23 *Item 6—Settlement of claims against Railway and Canal Administrations.*—The Committee commented adversely on the delay in the settlement of claims of the Department against Railway and Canal administrations on account of rentals of telegraph and telephone wires, and hoped that the settlement would be expedited and that a final report would be available to the Committee next year.

24 *Item 7.—Comparative rates for telephones and telegrams.*—It was pointed out that a memorandum\* on the subject would be circulated to members, and it was agreed to take up this item again if any member had any comments to make on the memorandum.

25 *Item 12—Statement of losses due to fraud, etc.*—After examining the figures given in the Table on page 30 of the Appropriation Accounts, the Committee wished to record that no particular conclusion could be drawn from the figures presented this year, and that the Committee would like to see the table next year, and regularly in future.

26 *Item 13—Establishment cost in works.*—The Committee proposed to take up this item along with the Appropriation Accounts.

27. The Committee then proceeded to consider the comments in the Auditor General's letter (Appendix XXXI). It was suggested by one member that the Auditor General's letter was a departure from the letters in the previous years, which drew the attention of the Committee to a larger number of important points in the Appropriation Accounts and which the Committee considered very helpful. The Auditor General explained that the departure from previous practice was deliberate, that every comment of the principal Auditor was gone through by him with the principal Auditor with meticulous care, and that mere enumeration of individual points would, besides making these points lose their force, tend to the report of the principal Auditor being neglected. He drew the attention of the Committee to two assumptions in paragraph 2 of his letter, and emphasized the importance of all authorities concerned with the controlling of grants being required to study, carefully and in detail, the portions of the Appropriation Accounts relating to the grants they controlled, and being expected to apply the lessons of those accounts to their future administration of public funds. The Committee decided to endorse this suggestion and desired that the Auditor General should bring to the notice of the Committee any cases in which the Auditor General or the principal Auditor had reason to believe that sufficient action had not been taken on the suggestions made in the Appropriation Accounts but not specially commented on in the report of the Public Accounts Committee.

28 *Paragraph 3 of the Auditor General's letter.*—The Committee observed that there had been persistent under-estimating under grant No 23 owing,

\* Since circulated, vide Appendix XX

among other things, to the difficulty of estimating the effect of revisions of pay and other concessions sanctioned in previous years. The Committee considered that sufficient experience ought now to have been gained to make it possible for the estimating officers to make a fairly accurate allowance for this factor. The Committee felt that they could not acquiesce in persistent under-estimating under this head.

29 *Paragraph 5, ibid*—The Committee was informed that the Department was taking steps to accelerate the reconciliation of the compilations by departmental officers with those furnished by the branch Audit officers. The departmental compilations were considered necessary for the purpose of financial control, and it was suggested that these might be improved by the appointment of trained accountants which, however, might mean additional expenditure. The Committee decided that this suggestion should be further examined by the Department in consultation with the Financial Adviser and the Accountant General.

30 *Paragraph 6, ibid*—The Committee decided to recommend to the Legislative Assembly that the excess expenditure be voted.

31 *Paragraph 7, ibid*—The Committee was informed that more frequent inspections were not possible at this time of retrenchment, but that instructions had been issued that when inspections were undertaken they should be thorough.

32 *Paragraph 8 ibid*—The Committee was satisfied with the action (including disciplinary action) taken in the particular cases of irregularity mentioned in this paragraph.

33 *Paragraph 9 ibid*—The Committee was informed that the Retrenchment Sub-Committee had made recommendations regarding the grant of the concession of rent-free quarters to officials in the Posts and Telegraphs Department, and that steps would be taken for the proper recovery of rent from officials before the end of the year.

34 One member raised in this connection the general question of the proper administration of Government properties and the necessity of watching the utilisation of Government buildings to the best advantage. He instanced the case of the buildings in Dharamtalla, now occupied by the Forms Press and Stores, which were very valuable and suggested that they could be utilised by Government to better advantage by housing the Forms Press and Stores in a less costly place. He added that this question had been referred by the Stores, Printing and Stationery Retrenchment Sub-Committee to the Public Works Retrenchment Sub-Committee. It was explained by the Financial Secretary that this suggestion, which applied mainly to the Calcutta buildings, was considered some years ago, and that the matter was then carefully examined. The Committee recorded the view that the Government ought to consider making some systematic investigation of the whole position.

35 At this stage the Committee adjourned till 11 A.M. on Tuesday, the 24th November 1931.

Proceedings of the Third meeting of the Public Accounts Committee held on  
Tuesday, the 24th November 1931, at 11 A.M.

PRESENT

The Hon ble Sir GEORGE SCHUSTER, *Chairman*

Mr S C MITRA.

KUNWAT HAJEE ISMAIL ALIKHAN

Mr T N RAMAKRISHNA REDDI.

Mr B DAS

Rao Bahadur M C RAJAH

Mr MUHAMMAD ANWAR-UL-AZIM

Mr J RAMSAY SCOTT

Dr R. D. DALAL

} *Members*

Sir ERNEST BURDON, Auditor General

The Hon'ble Sir ARTHUR MCWATTERS, Financial Secretary

Sir HUBERT SAMS, Director General, Posts and  
Telegraphs.

Mr T RYAN, Joint Secretary, Department of Indus- } *Witnesses.*  
tries and Labour

Mr S P VARMA, Financial Adviser, Posts and Tele- }  
graphs

36 The Committee resumed its examination of the Posts and Telegraphs Appropriation Accounts and connected documents.

37 *Paragraph 10 of the Auditor General's letter (Appendix XXXI)*—The Committee examined at some length the figures of establishment costs on works for the different circles given in paragraph 61 of the Appropriation Accounts. It was pointed out that while any comparison with the Public Works Department based on the figures supplied by the Accountant General would be misleading, the figures themselves were useful for comparing the cost between circle and circle. The Committee was specially struck with the large variations between the percentages shown under Burma Telegraph Engineering Circle and Sind and Baluchistan Engineering Circle. The explanation furnished by the departmental witnesses was that the larger percentage in Burma was due to the difficult country with jungles and waterways, which entailed heavy travelling allowances, and to increased cost on account of Burma allowances. The Committee were not fully satisfied with this explanation. One of the members desired that a note\* on the various kinds of allowances drawn in Burma should be supplied to the Committee.

In regard to the enquiry from the Auditor General whether the basis of calculation of the percentage now adopted by the Accountant General was accepted by the departmental authorities, the Financial Adviser said that he had nothing to say against the present basis except that a small adjustment would be necessary on account of the inclusion of a certain amount of expenditure on establishment in charge of apparatus and plant. The question

\* Since furnished by the Financial Adviser, Posts and Telegraphs, *vide* Appendix XXXVI)



whether it was possible to work out a normal figure of percentage cost for works establishment was discussed, and the Committee was informed that it would be difficult to arrive at any such figure for the whole of India. The Committee after further discussion came to the conclusion that it was desirable to have a fuller analysis of costs in order to enable it to see where the main differences between circle and circle existed, and for this purpose the Committee desired the Accountant General to make a more detailed report next year in his Appropriation Accounts and to analyse more fully the details of the expenditure working up to the total cost.

38 *Paragraphs 11-12 of the Auditor General's letter* —The report of the Posts and Telegraphs Accounts Enquiry Committee having been received, the Committee desired to have a picture of the financial position of the Department after taking into account the effects of the retrenchment proposals and the measures for increasing revenue, in order to enable the Committee to find out whether the Department would be self-supporting in normal circumstances. Mr. Ryan undertook to circulate within the next few days a full and clear statement showing the financial position of the Department as it would stand in 1932-33. The statement would take into account the recommendations of the Posts and Telegraphs Accounts Enquiry Committee, although, as explained at a previous meeting, final decisions on that Report have not yet been taken. The Committee decided to examine the statement at a special meeting on the 4th December.

39 Before the Committee adjourned Sir Hubert Sams informed the Committee that this was the last time he was appearing before the Committee, and said good-bye to the Chairman and members of the Public Accounts Committee. The Chairman on behalf of the members expressed the Committee's great regret that Sir Hubert Sams could not appear again before the Committee and wished him happiness in his new appointment.

40 At this stage the Committee adjourned till 2-30 p.m. on Friday, the 27th November 1931.

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\* Since circulated, vide Appendix XXXI.

Proceedings of the Fourth meeting of the Public Accounts Committee held on  
Friday, the 27th November 1931, at 2-30 P.M.

PRESENT.

The Hon'ble SIR GEORGE SCHUSTER, *Chairman*.

Mr S C MITRA

Kunwar Hajee ISMAIL ALIKHAN

Mr T N RAMAKRISHNA REDDI

Mr B DAS

Rao Bahadur M C RAJAH

Mr MUHAMMAD ANWAR-UL-AZIM

Maulvi Sir MUHAMMAD YAKUB

Mr. J RAMSAY SCOTT

Dr R D DALAL

Members

SIR ERNEST BURDON, Auditor General

Mr L S Deane, Controller of Railway Accounts

Mr A C. BADENOCH, Director of Railway Audit.

Mr A A L PARSONS, Financial Commissioner,  
Railways.

Mr. P R RAU, Director of Finance, Railway  
Board.

Witnesses.

41 The Committee proceeded to deal with the Appropriation Accounts and other connected documents relating to the Railway Department

42. The list of outstanding items under "Railways" in the Quarterly List prepared by the Finance Department (Appendix I) was first taken up for consideration

43 *Item 1—Accounting of Stores on the East Indian Railway*—Mr. Parsons explained that the new rules for the maintenance of priced stores lists of railways (*vide* Appendix XIII) would be brought into force with effect from the 1st April 1932, and that the new classification of revenue expenses would also be brought into use at the same time. The Committee desired to have a report on the actual working of the new rules next year

44 *Item 2—Piece work and bonus system, etc., in workshops.*—The Committee was informed that a beginning had been made in the North Western Railway in introducing the piece-work system detailed in paragraph 419 of the Railway Workshops Committee's Report, but that the time was not opportune for its extension to other Railways as it might lead to labour disturbances. The Committee accepted this explanation for holding up the extension of the system to all the Railways but thought that the first opportunity should be taken to proceed with this so that the saving attributed to the system on the North Western Railway might be realised elsewhere. The Committee desired to be informed next year about the progress of the scheme

45 *Item 4*—*Question of settling the Railway Capital Programme for each year during the preceding autumn, and presenting the Railway Budget before the General Budget*—The Committee recommended that this proposal, which had been put forward as being conducive to the general interests and to the proper information of the Legislative Assembly, should be included in the Special Appendix for items the consideration of which has been left over until after the revision of the constitution (*vide* paragraph 7 of these proceedings) It was recognised that a change could not be made without an amendment of the Government of India Act

46 *Item 5*—*The special officer's report on the system of preparing budget estimates by Railways*

*Item 8*—*Bringing up to date the allocation between capital and revenue and checking the allocation when the expenditure is actually incurred*

*Item 9*—*Loss to the Railway due to the absence of proper control in moulding and core making work in the Locomotive Works, Bengal Nagpur Railway*

*Item 10*—*Policy of adjusting rates of Company managed lines to rates of State lines*

*Item 16*—*Making of allotments to any particular railway in the course of the year without effecting corresponding reductions elsewhere*

*Item 17*—*Statement of actual expenditure under each grant in rupees and not only in thousands of rupees in the Appropriation Accounts, etc.*

*Item 18*—*Making a reasonable reserve provision to meet emergent expenditure, etc*

*Item 19*—*Remodelling of East Indian Railway Workshop at Tatanagar*

*Item 25*—*Necessity for the preparation before commencing construction of detailed estimates, and tightening up of control over agents*

*Item 26*—*Over-payment of salaries to the officers of the Technical Department in Burma Railways*

*Item 27*—*Supply of a general explanation of the variations under each sub-head of the grant under the Summary by major heads and sub-heads in addition to the detailed explanations under each Railway*

*Item 28*—*Irregular upkeep of initial records for the unloading of coal on a certain loco running shed on East Indian Railway.*

*Item 29*—*Latitude for variation in the execution of the contract for a realignment work on the G I P Railway.*

The Committee was satisfied with the action taken or proposed to be taken and the explanations furnished in these cases

47 *Item 6*—*Crew system on Railways*—The Financial Commissioner reported that the Railway Board had definitely come to the conclusion that it was not proper to place the crew system under the control of the Accounts Department and that it was desirable to enforce the responsibility of collecting dues on the Traffic Department The Auditor General concurred in this opinion and added that the function of the Accounts Department was,

through the accounts, to check whether the Traffic Department was doing its work properly. The Committee observed that the new scheme had been introduced in the East Indian Railway with effect from the 1st June 1931, and desired to have a report next year as to how the scheme was working, and what steps had been taken to introduce the system on other lines.

48 *Item 7—Amendment of Railway land rules*—The Financial Commissioner informed the Committee that the rules for the acquisition of land had now been put in draft form and would be issued very shortly, and that as regards custody and relinquishment of lands and buildings the rules drawn up by the Army Department had been checked with reference to the railway requirements and it would take some time to draft similar rules for railways. The Committee hoped to get a report next year about the issue of these rules.

49 *Item 11—Accounts of Collieries*—The Committee was supplied with a form of accounts to be kept by railway Collieries, drawn up in consultation with the Director of Railway Audit and the Director of Commercial Audit (*vide* Appendix XXI). The Financial Commissioner added that he had since received the balance sheet of a big private colliery and was examining whether any modifications were necessary in the form of accounts circulated to the Committee. He hoped to put the figures for 1931-32 in the proposed form. The Committee was satisfied that the general purpose of the recommendation of the previous Committee was being fulfilled, and that the maintenance of the accounts in the form proposed would enable the Department to review the position from time to time and thus be of value over a series of years.

50. *Item 12—Trading and profit and loss accounts, etc., for each Railway.*—The Committee was furnished with a balance sheet and profit and loss account of the North Western Railway for the year 1928-29 (*vide* Appendix XVI). The Committee decided to take up the detailed consideration of the balance sheet along with the connected paragraphs in the Auditor General's letter. The Committee, while recognising that the valuation of the capital assets could not be relied upon actually to represent an accurate valuation on the basis of current replacement values, nevertheless thought that such a balance sheet would afford a real basis of comparison for a series of years, and should be continuously maintained.

51 *Item 13—Accounting of stores on the East Indian Railway*—The Committee decided to consider the reports on the state of work in the Stores Accounts Section of the East Indian Railway (Annexures A and B to Appendix XIX) on Monday, the 30th November 1931, when Mr M K Mitra was expected to be present.

52 *Item 15.—Separate grants for the working expenses of Company-managed and State managed Railways*—The Financial Commissioner thought that it was not advisable to have separate grants for working expenses on the Company-managed Railways and State-managed Railways as it would take away the existing facilities for general discussion by the Legislative Assembly on all railway matters under any grant, and would also make estimating more difficult. As regards control by the Legislature, details by Railways were now given in

the Budget under each grant. One member made the point that under the present system the Assembly was not in a position to force the Railway Board to come to them for a supplementary grant if Company-managed Railways had in any case exceeded the allocation made by the Railway Board for expenditure on those Railways. He added that this point required consideration in view of its importance in connection with the share of surplus profits payable to Companies, and desired to pursue this matter further at a later meeting.

53 *Item 20—Concessions obtained by the Military Department from Railways*—The Financial Secretary had already explained to the Committee (Paragraph 14 of these Proceedings) that the Railway Department was collecting information regarding the financial value of the concessions obtained by the Military Department from Railways. The Financial Commissioner supplemented the information by saying that the question was being taken up by the Railway Board separately in pursuance of one of the recommendations of the Railway Retrenchment Sub-Committee.

54 *Item 21—Interest on Railway Reserve and Depreciation Funds balances*.—As in the case of the Posts and Telegraphs Department some members of the Committee observed that the rate of interest now allowed on balances in the Railway Depreciation and Reserve Funds was unduly favourable to the Commercial Department. In this connection, the question was raised whether Railways were charged for any overdrafts on general revenues on current account and whether the relations between the Railways and Government as a client and banker, respectively, were on a proper basis. The Committee desired to have a memorandum on the subject.

55 *Item 23—Table of comparative figures of budget and revised estimates and actuals*—The Committee thought that the Table furnished in paragraph 30 of the report of the Director of Railway Audit was a useful statement and should be continued with certain corrections suggested by the Financial Commissioner.

56 *Item 24—Statistics of expenditure placed under objection*—The Financial Commissioner informed the Committee that he was examining the statistics of expenditure placed under objection, and that in the next year's Appropriation Accounts the items would be classified and those reflecting serious irregularities would be separately shown.

57 At this stage the Committee adjourned till 11 A.M. on Saturday, the 28th November 1931.

Proceedings of the Fifth meeting of the Public Accounts Committee held on  
Saturday, the 28th November 1931, at 11 A.M.

PRESENT

The Hon'ble Sir GEORGE SCHUSTER, *Chairman*

Mr S C MITRA

Kunwar Hajeer ISMAIL ALIKHAN

Mr T N RAMAKRISHNA REDDI

Mr B DAS

Rao Bahadur M C RAJAH

Mr MUHAMMAD ANWAR-UL-AZIM

Maulvi Sir MUHAMMAD YAKUB

Mr J RAMSAY SCOTT

Dr R D DALAL

} *Members.*

The Hon'ble Sir ARTHUR McWATTERS, Financial Secretary

Sir ERNEST BURDON, Auditor General

Mr L S Deane, Controller of Railway Accounts

Mr A C BADENOCH, Director of Railway Audit

Mr A A L PARSONS, Financial Commissioner, Railways

Mr P R RAU, Director of Finance, Railway Board

} *Witnesses.*

58 The Committee resumed the consideration of the Railway Appropriation Accounts and of the connected documents

59 *Item 30 of Appendix I—Expenditure on Railway Publicity*—In regard to a suggestion that was made to the effect that printing work in the Publicity Department is not fully given to the Government Presses, it was explained by the Financial Commissioner that the matter has been taken up for examination and that the Committee will be furnished with a report next year. The attention of the Railway Department was also drawn to the fact that in the list of newspapers, which were given advertisements by the Central Publicity Bureau no Indian paper was included. The Financial Commissioner promised to pursue the suggestion that information regarding publicity work done in other countries, e.g., in the case of the Swiss Railways, and the Canadian Pacific Railway should be obtained.

60 Before proceeding to deal with the report of the Director of Railway Audit the Committee discussed the general question of the form of the Director's report. It was observed that, at present, it was difficult to come to any conclusion from the number of unclassified individual instances of financial irregularity, and that, in order that the Committee might be able to institute comparison between different Railways and in the same Railway from year to year, it was desirable to have a more classified report of the irregularities. It was admitted that, though the present exhibition of the irregularities under the particular grants might be logical, it was not very helpful for the purposes of

the Public Accounts Committee It was pointed out by the Auditor General that the Director's audit was only a test audit, and that the Director was not in continuous contact with financial administration in the same way as Provincial Accountants-General, and that for this reason the report of the Director could not be expected to give a correct picture of the efficiency of administration in the various Railways—especially as in the selection of transactions for test audit individual judgment played a great part The Chairman observed that even a comparison of samples from year to year would still be useful if the results of the comparison were tabulated in the manner suggested by him The Auditor General undertook to instruct Mr Badenoch that in the course of his examination, during this cold weather, of the directions in which the separated audit of Railway expenditure could be usefully directed, he should investigate also how the form of presentation of the results of the test audit could be improved

61 The Committee next proceeded to examine the comments of the Director on individual accounts given in Chapter VI of his Report The Committee came to two general conclusions as the result of their examination of this Chapter —

- (1) In certain cases the Financial Commissioner challenged the accuracy of certain facts and figures in the Director's Report The Committee thought that the Director of Railway Audit ought not to be confronted with a challenge of his facts for the first time during the course of the examination of the Railway representatives before the Committee, and that the Director's Report should contain an agreed statement of the facts in each case mentioned therein
- (2) The Committee was informed that in certain cases of irregularity mentioned in the Report, action, which was said to be under contemplation at the time of the publication of the Report, had since been taken The Committee thought that it would be most helpful and curtail unnecessary discussion if the Committee were furnished, before it began its meetings, with a statement from the Railway Department showing the action that had been taken since the publication of the Report, including any further explanatory notes which the Department wanted to add The Financial Commissioner undertook to carry out this suggestion next year, but added that it might be necessary to treat the memorandum furnished by him in pursuance of this suggestion as confidential, as it would contain detailed information regarding disciplinary and other action which it was not desirable to publish.

62 *Paragraph 79 of the Director's Report*—The Financial Commissioner gave certain modified figures of number of cases and amounts of under-charges detected by the Audit Department on the basis of certain information supplied by the administration The Committee desired to know when the Department got the information and what steps it took to bring it to the notice of the Director of Railway Audit.

It was stated in this paragraph that the Accounts Department had resumed, from the 12th August 1930, a full check over invoices in order to safeguard against fraud attendant upon a curtailed check. The Committee considered the matter very important and desired to have a much fuller report on the working of the system as soon as possible.

63 *Paragraph 81, ibid* —It was found during the examination of the Departmental representatives that the statement of the case in this paragraph did not convey a true picture.

64 *Paragraph 84, ibid* —The Committee observed that a mere statement of the number of cases of short accounting and short collections did not convey any idea whether the losses involved were unduly large, and that it would be more useful if the Director would compare the results of several Railways and also the figures in each Railway with the total volume of transactions.

65 *Paragraph 85, ibid* —The Committee thought it was very unsatisfactory that the Railway Department should undertake schemes like that mentioned, namely, the management of a Tramway, without sufficiently safeguarding the interests of the Government of India.

66 *Paragraph 87, ibid* —The Committee observed that it was unsatisfactory to end the paragraph with a mere acknowledgment of the blame for the irregularity without mentioning what steps had been taken to prevent a recurrence of such practices. The Director of Railway Audit explained that he had since issued instructions to all Government Examiners that, in future, in all cases where the Railways came into touch with outside bodies, like Port Trusts and privately-owned lines the test audit should be directed to a careful examination of the allocation of expenditure and other similar matters affecting the interests of the Government.

67 *Paragraph 90, ibid* —The Director had stated that there was the "usual" over-estimation under "Pay of Establishment", amounting to just over 7%. The Committee observed that the Director should have stated whether the 7% was reasonable or too high, and what steps had been taken to prevent over-estimation, and that his comments in future should be more informative.

68 *Paragraph 96, ibid* —As regards the suggestion that was made that the strategic lines should bear a portion of the cost of the inspection staff, the Committee accepted the explanation of the Financial Commissioner that it would be very difficult to allocate the expenditure, and that the adjustment would be so small as not to be worth the resulting complication in the accounts. It was also pointed out that the distinction between commercial and strategic lines was fictitious, as all lines had a certain strategic value, while even the so-called strategic lines might have a distinct commercial value.

69 *Paragraph 112, ibid* —The Committee was informed that the Railway Board had issued a circular letter to all Railways condemning the method of irregularly increasing sanctioned establishments by utilising coolies, gangmen



etc., for this purpose The Financial Commissioner was asked to report next year whether the circular letter had the desired effect, and how the matter stood

70 *Paragraph 114, ibid* —The Committee observed that the Railway Board was considering the question of safeguarding the interests of Railway against companies working mineral rights under land acquired by Railways. The Committee wished to know how the matter stood next year.

71 The Committee then adjourned till 2-30 P M.

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Proceedings of the Sixth meeting of the Public Accounts Committee held on  
Saturday, the 28th November 1931, at 2-30 P.M.

PRESENT.

The Hon'ble Sir GEORGE SCHUSTER, *Chairman*

Mr S C. MITRA

Kunwar Hajee ISMAIL ALIKHAN

Mr T N RAMAKRISHNA REDDI

Mr B DAS

Rao Bahadur M C RAO

Mr MUHAMMAD ANWAR-UL-AZIM

Maulvi Sir MUHAMMAD YAKUB

Mr J RAMSAY SCOTT

Dr R D DALAL

*Members*

The Hon'ble Sir ARTHUR MCWATERS, *Financial Secretary.*

Sir ERNEST BURDON, *Auditor General*

Mr L. S. DEANE, *Controller of Railway Accounts.*

Mr A. C. BADENOCH, *Director of Railway Audit*

Mr A A L PARSONS, *Financial Commissioner, Railways*

Mr P R RAU, *Director of Finance, Railway Board*

*Witnesses.*

72 The Committee resumed the consideration of the Railway Appropriation Accounts and connected documents

73 *Paragraph 146 of the Director's Report* —It was stated in this paragraph that the Railway Board had issued orders on the 28th April 1930, emphasizing that, without special and definite orders from the Board, work on open line and new construction projects should not be started merely on abstract estimates, and that these instructions had been modified by a later letter, issued on the 30th July 1930, permitting the procedure previously in force to be continued, under which detailed estimates for sub-works were prepared against the general estimate and work was commenced on the sub-works against those detailed estimates. The Committee was somewhat concerned at the statement in this paragraph. It was, however, explained by the Financial Commissioner that the modification did not apply to "new construction", but only to "Open Line Works". The Committee accepted this distinction but thought that the point ought to have been made clear. The Financial Commissioner further gave an assurance that the practice if confined to 'Open Line Works' would not have the effect of creating any risk that the original estimate would be exceeded. The Committee felt that they had no means of testing this assurance but emphasised the Railway Board's responsibility in the matter. For the present they approved of the procedure laid down by the Railway Board, but wanted to have a detailed explanation of the working of the procedure when the Financial Commissioner appeared before the Committee next year.

74 *Paragraph 155, ibid* —The Committee was informed that general instructions had been issued to all Railways emphasizing the necessity of regularising excesses over estimates, as and when they occurred, without waiting for the completion estimate or report as at present.

75 *Paragraph 160, ibid* —The Committee thought that the present practice of charging royalty to capital was wrong in principle, and that, if its debit to revenue affected prejudicially the interests of Government in the matter of sharing surplus profits with the Company concerned, the difficulty might be avoided by continuing the practice of charging the amount to capital in the Government accounts but creating a reserve under revenue against which the capital charge might eventually be written off. The Financial Commissioner undertook to examine this suggestion.

76 *Paragraph 170, ibid* —The Committee considered that it was very important to ascertain to what extent new capital expenditure since the War had been remunerative, and that Government should take up this question and have it carefully examined with a view to apply the lessons of the past to the future. The Committee further emphasised the desirability of getting an accurate picture of the financial effects of electrification on various Railways. The Controller of Railway Accounts pointed out certain difficulties in the allocation of expenditure between the electrification scheme and the other branches of the Railway. The Committee recommended that the question should be scientifically studied by the Railway Board, which should find out from British Railways what they were doing in similar circumstances, and how they calculated the financial results of their electrification schemes.

77 *Paragraph 174, ibid* —The Committee was informed that the Railway Board had issued general instructions that the stores balances on Railways should not ordinarily exceed 40% of the issues during the year, and that the high balances shown in this paragraph were the result of the heavy purchases during the years 1927-28 and 1928-29 and also of the curtailment of capital programmes, which made the utilisation of material returned from lines not possible to the full extent. The Financial Commissioner added that he expected that the balances would be reduced by 2 crores in the current year and by a further 1½ crores during next year. The Committee took note of the explanation, and emphasised the necessity of keeping the stores balances at the minimum amount.

As regards pooling of stores balances on various Railways, it was explained by the Financial Commissioner that the Railway Board had gone into the question during the last two years by placing an officer on special duty for the purpose, and that each Controller of Stores was circulating to the other Railways a complete list of all the items of surplus stores stocked by him.

78 *Paragraph 187, ibid* —It was stated in this paragraph that the point was taken up by the Audit Department with the Chief Accounts Officers in July 1930, and that reminders had failed to elicit any comments or explanations. The Committee thought it was unsatisfactory as indicating that there was not adequate co-operation between the Audit and Accounts Departments.

79 *Paragraph 209, ibid* —The Director of Railway Audit pointed out that particular accounts in the Depreciation Fund were consistently overdrawn.

while the balances under certain other accounts were continuously going up. The Committee recognised that it was difficult to come to any definite conclusion on the basis of the figures for 5 or 6 years, as the lives of the various assets had been fixed on the basis of recorded results over a long period of years, but considered it would be useful to have in the report next year a fuller statement explaining the point made by the Director and giving figures for the classes of assets affected for several years

80 *Paragraph 211, ibid —Charging the entire cost of the rolling stock purchased or constructed between 1919 and 1926 to capital* —The Director had reported that the confirmation of facts for this paragraph was still awaited from the Railway Board and the Administration. The Committee was informed by the Financial Commissioner that he expected that the full facts of the case would be available in the course of the next two months or so. In the absence of correct information the Committee was not able to express any final opinion

81 The Committee then adjourned till 10-30 A.M. on Monday, the 30th November 1931

Proceedings of the Seventh meeting of the Public Accounts Committee held on  
Monday, the 30th November 1931, at 10-30 A. M.

PRESENT

The Hon'ble Sir GEORGE SCHUSTER, *Chairman.*

Mr S C MITRA Kunwar Hajeer ISMAIL ALIKHAN Mr T N RAMAKRISHNA REDDI. Mr B DAS Rao Bahadur M C RAJAH Maulvi Sir MUHAMMAD YAKUB Mr J RAMSAY SCOTT Dr R D DALAL.	}	Members.
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Sir ERNEST BURDON, Auditor General

The Hon'ble Sir ARTHUR McWATERS, Financial Secretary

Mr L S DRAKE, Controller of Railway Accounts

Mr J F MITCHELL, Accountant General Central Revenues  
(representing the Director of Railway Audit)

Mr T G RUSSELL, Chief Commissioner, Railways Mr A A L PARSONS, Financial Commissioner, Railways Mr P R RAU, Director of Finance, Railway Board	}	Witnesses.
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Mr M K MITRA, formerly Controller of Railway Accounts  Mr P N MUKHERJI Deputy Chief Accounts Officer, East Indian Rail- way	}	Were present during the examination of the Memorandum regard- ing the re-organisation of the Stores Accounts of the East Indian Railway
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82 The Committee resumed the examination of the Railway Appropriation Accounts and connected documents

83 The Committee first took up the consideration of the Memorandum furnished by the Director of Railway Audit regarding re-organisation of the Stores Accounts of the East Indian Railway (Appendix XIX)

84 *Paragraph 1 of the Memorandum*—In order to ensure the success of the new system the Committee asked for an assurance from the Financial Commissioner that there would not be any diminution of vigilance on the part of the Chief Accounts Officer. The Financial Commissioner gave this

assurance. The Committee further stressed the importance of continuity as well as efficiency of the staff in this connection.

85 *Paragraph 2, ibid*—Mr Mitra explained that the excess of 54 lakhs represented mainly stores returned from works or divisions but not accounted for in the stores ledger. The amount had hitherto been kept under suspense but the intention was that it should be credited to revenue in the course of the year. The Chairman queried the propriety of doing this. The real value of returned stores (whatever the theoretical valuation might be) depended entirely on the possibility of utilising them, which was at present restricted. One of the members called attention also to another aspect of the matter. The fact that returned stores had not been accounted for in the stores accounts seemed to indicate that they might similarly have been unaccounted for in connection with the works from which they had been returned. Therefore, if credit were taken for them now in stocks and a corresponding adjustment was not made in the capital cost of the works from which they had been returned, such works would in fact be *pro tanto* overvalued and the capital account of the railway would in fact have included the same assets twice over. The Committee, having regard to these considerations, considered that the whole question required careful examination by the Railway Board. In particular, they thought that the Board should consider whether the whole or a substantial portion of the excess now found should be kept under a reserve head instead of being credited to revenue. The Committee's provisional view was in favour of this. The Financial Commissioner undertook to go into the question carefully. The matter should be reported again next year.

86 *Paragraph 3, ibid*—The Committee accepted the advice that a test check of a percentage of the Depot ledger postings with the connected vouchers should be carried out as far as possible, and agreed with the conclusion of the Railway Board not to carry out an investigation of the previous accounts.

87 *Paragraph 4, ibid*—The Committee (and the Financial Commissioner) accepted the suggestion that copies of the provisional depot nomenclature should be supplied to indenting departments, and that a general standard price list should be issued as soon as possible.

88 *Paragraph 5, ibid*—The Committee was informed that the Manual of Instructions for the maintenance of the East Indian Railway accounts had been sent to the Press on the 15th November.

89 *Paragraph 6, ibid*—The Committee endorsed the observations in this paragraph and hoped that the experience of the past would provide lessons for the future.

90 *Paragraph 7, ibid*—The Committee also endorsed the observations in this paragraph, and specially requested the Financial Commissioner to address the Agents in regard to the important lessons in regard to stores accounting afforded by the history of the East Indian Railway and to ask them to make a special record of it. The Committee was informed that all Chief Accounts Officers had already been addressed on the subject, but emphasised that Agents should also be addressed separately.

91 The Auditor General informed the Committee that he had issued instructions to the Director of Railway Audit to keep in continuous touch with the work of the Stores Accounts Offices on the East Indian Railway.

and that he had arranged with the Financial Commissioner to keep Mr P. N Mukherji for some time on the East Indian Railway in order that he may devote continuous attention to the work. The Committee agreed to the arrangement made and impressed upon Mr Mukherji the very serious view they took of the matter.

92 The Committee then took up the consideration of the Auditor General's letter (Appendix XXXII)

*Paragraph 4 of the Auditor General's letter*—The Chairman strongly endorsed the Auditor General's remarks, and observed that the Committee did not have a general picture presented to them bringing out the points of real importance, and in its absence they were inevitably forced to go into a large number of details and minor cases of irregularities, all presented in a disconnected fashion and not arranged so as to illustrate any principle. He considered this wrong both from the point of view of the Public Accounts Committee and the Railways. He added that while the Railways, on the one hand, apparently felt that neither the Assembly nor the Public Accounts Committee should attempt to interfere with the ordinary daily administration of a large commercial undertaking, the Public Accounts Committee, on the other hand, had a legitimate complaint that it was not being presented with a clear and helpful picture which would enable it to concentrate its attention on points on which representatives of public had a right to interfere and ask for information. In order to enable the Committee to perform the best and most valuable function which it is capable of performing, namely, to watch the general financial results of the working of the Railways, in addition to seeing that public money is properly expended and accurately accounted for, it was necessary that the Committee should be furnished by the Railway Board with an exhaustive general review of the working of the Railways. In order to illustrate the sort of points which the Committee ought to watch, the Chairman referred to Statement A in the Auditor General's letter, which showed that the capital at charge at the close of the year 1924 was 594 crores and that at the end of 1931-32, according to Budget estimates, 795 crores. It was vitally important that the representatives of the public should be able to form a view as to whether these 200 crores (or more properly 160 crores allowing for 40 crores which were represented the gain on converting sterling expenditure at 1s 6d instead of 2s) had been so invested as to produce an adequate financial return and as really to benefit India. The Committee had last year endeavoured to explain what they wanted, and had asked for a review such as would be presented to a body of shareholders by the chairman of a public company. They had especially added that, in order to make their examination useful, such review ought to be more up-to-date than the Appropriation Accounts. The Chairman did not consider that the Committee's needs had been met by the information now supplied. The note on the interpretation of railway statistics (*vide* Appendix XXV) was useful, but might perhaps be improved. The really important points, however, were —

(a) That the attached reports\* on individual Railways did not give figures later than 1929-30,

(b) That there was no clear summary of the Railway results for India as a whole, putting together a combined picture, calling

attention to the salient points, making comparisons between one Railway and another, and generally pointing to the lesson to be drawn from the points brought out ,

- (c) There was no general review of the progress of capital expenditure and of the results obtained from recent investments in Railway extensions (as noted above, the Committee would be specially interested in this)

The Chief Commissioner explained that it now appeared that he had not fully understood what the Committee wanted last year , but now that this had been made clear, he would do his utmost to meet their wishes. He then made the following points —

- (a) As regards presenting up-to date reports, normally the actual accounts figures for any financial year would not be available till the following December. Therefore, if the Public Accounts Committee met in August or September, it would not be possible to supply them with a full final report for the year ending on the preceding March 31st. On the other hand, it would be possible—say, by September—to compile fairly accurate reports based on the latest revised estimates ,
- (b) It was very important to avoid having too many reports for different purposes and in different forms all covering the same ground. At present the proper place for a general review of the working of the Railways was the Administration Report

The Chief Commissioner thought that the preliminary chapter giving a financial review included in the Administration Reports might be suitably altered to fulfil the purpose now stated by the Public Accounts Committee, and that this chapter based upon the approximate actuals of the preceding year could be made available some time in September. The Committee considered that this suggestion might meet their requirements, and the Chief Commissioner promised to furnish such a general review next year.

93 The Committee in making their observations wished to record their appreciation of the reports of individual railways which had been circulated to them this year. They would like to have these reports continued in addition to the general review referred to above, it being, of course, understood that these reports, in the same way as the general review, would be completed up to the end of the preceding financial year. The Committee, however, also requested that each of these reports on individual railways should include, in addition to the information now given, a short summary note from each Agent giving an expression of his views and conclusions drawn from the actual results recorded.

94 The Committee then discussed the form of the Appropriation Accounts as now prepared by the Financial Commissioner, and the suggestion made by the Auditor General to bring it into line with the Appropriation Accounts prepared by the Financial Adviser, Military Finance. The Committee considered that, in their present form, the Appropriation Accounts entirely failed to meet their requirements, and they agreed with the Auditor General that the main duty for informing the Committee rested on the accounting authority and not on the auditing authority. The Financial



Commissioner suggested that the number of heads under which the Appropriation Accounts were tabulated might be reduced. The Auditor General suggested that the Appropriation Accounts might include, in addition to a general picture of the financial results, an analysis of the results of the appropriation audit carried out by the Railway Accounts Department as part of its internal check and a general survey of the state of the financial administration—in other words, a general presentation of all the main facts which lie behind the figures of the Appropriation Accounts prepared by the Chief Accounts Officers. Again, following the model of the Appropriation Accounts of the Army, the manufacturing and profit and loss accounts and balance-sheets of Railway Department concerns, like those of the Tatanagar Workshops circulated by the Financial Commissioner in the current year, might be included as Appendix to the Appropriation Accounts. The Committee decided to recommend that the Appropriation Accounts for next year might be prepared in the new form as suggested by the Financial Commissioner, and that the question of further improving the form of the Appropriation Accounts might be considered with reference to the accounts presented next year.

95 *Paragraph 10, ibid*—The Committee examined this paragraph, together with Statements A and B in the Auditor General's letter, and recorded their appreciation of the value of these statements. They accepted the views expressed by the Auditor General that it was of paramount importance to consider whether the productivity of capital expenditure incurred since the separation had conformed to expectations, and what should be the future policy in the matter of incurring further capital expenditure. In this connection, the Chief Commissioner pointed out that 7 years was a normal period for securing the full effect from investments of capital on Railways, but the Committee considered that the present occasion, when because of the financial position it had in any case become necessary to call a halt in capital expenditure, afforded a suitable opportunity for a comprehensive and thorough review of the whole position. The Committee thought it might properly fall within the functions of the Expert Committee, which had been recommended by the Railway Retrenchment Subcommittee, to take up the examination of policy for capital expenditure in the light of the productivity of the large capital expenditure incurred in recent years.

96 Certain discrepancies between the figures given in the special reports of individual Railways now circulated and those in Statement B of the Auditor General's letter were pointed out, and the Committee desired that the figures in the Railway Board's notes should in future be prepared on the same basis as the Auditor General's Statement.

97 The Committee then adjourned till 3 P M

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Proceedings of the Eighth meeting of the Public Accounts Committee held on  
Monday, the 30th November 1931, at 3 P.M.

PRESENT

The Hon'ble Sir GEORGE SCHUSTER, *Chairman*

Mr S C MITRA

Kunwar Hajee ISMAIL ALIKHAN

Mr T N RAMAKRISHNA REDDI

Mr B DAS

Rao Bahadur M C RAJAH

Maulvi Sii MUHAMMAD YAKUB

Mr J RAMSAY SCOTT

Dr R D DALAL

} *Members*

Sii ERNEST BURDON, Auditor General

The Hon'ble Sir ARTHUR McWATTERS, Financial Secretary

Mr D C CAMPBELL, Director of Commercial Audit

Mr J F MITCHELL, Accountant General, Central Revenues

Sii ALEXANDER TOTTENHAM, Member, Central  
Board of Revenue

Mr A H LLOYD, Member, Central Board of  
Revenue

} *Witnesses*

98 The Committee first took up the consideration of the items shown against the Central Board of Revenue in the Quarterly list of outstandings, Appendix I

99 *Item 6—Revision of the Sea Customs Act*—It was explained that the revision of the Sea Customs Act was not of particular urgency at present from the point of view of revenue administration, and, though the Government of India had collected the opinions of the Provincial Governments in regard to the various amendments to the Act, it did not appear likely, considering all the other and more urgent demands on the time of the Legislature, that a comprehensive revision would be a practical possibility in the near future. Such immediate action as was urgently necessary had been taken by the amendments of the Land Customs Act passed during the last session in order to protect Government against loss of revenue.

100 The Committee accepted the action taken or proposed to be taken and the explanations given in respect of other items with which the Central Board was concerned.

101 *Paragraph 9 of the Auditor General's letter (Appendix XXX)*,—The Committee examined the representatives on the question why in Bombay the expenditure on account of overtime and holiday allowances was in excess of the connected receipts. It was explained that Sunday overtime fees were pooled for the whole of India, and against heavy expenditure at

harbour ports there were large receipts in the river ports of Calcutta and Rangoon. The Committee noted that the whole question of overtime would come under review of the Government of India on the recommendation of the General Purposes Sub-Committee.

As regards over-estimating under the head "Purchase and Repair of Boats" and "Store and Equipment of Boats" in Grant No 16, Mr Lloyd pointed out that the expenditure was liable to fluctuate and that the saving in 1929-30 was specially due to the exercise of economy. He added that in respect of the expenditure in question the Department was working on a system of contract grants. The Committee was of opinion that the contract grant was perhaps fixed too high and that the matter should be looked into in connection with the next Budget.

In the case of the irregularities discovered at a customs outport where ordinary merchandise for sale was reported to have been systematically imported and passed under various guises, the Committee thought that, *prima facie*, the punishment awarded might not have been adequate and observed that punishment should be adequate in all cases.

102 *Paragraph 10, ibid*—Sir Alexander Tottenham explained that the comment in Note 3 on page 75 of the Appropriation Accounts that, in Burma, Government salt had not been verified was based on a misunderstanding, and that an adequate verification and check were being made from time to time.

103 *Paragraph 11, ibid*—As regards the steady decline in profits of the Opium Department without a corresponding decline in general charges, to which the attention of the Committee had been drawn by the Auditor General, it was explained that the general charges depended upon the quantity manufactured both for the Provinces and for export, while profits depended on the quantity sold for export. Exports were steadily going down, but in the year under report the quantity manufactured was about 400 chests more than in the previous year. It had been necessary to increase manufacture owing to shortage of stocks.

104 *Paragraph 12, ibid*—The attention of the Committee was drawn to the apparent anomaly in that the major portion of the expenditure on the Security Printing Press does not come under the vote of the Assembly. The Chairman observed that the matter was under investigation by the Finance Department on the strength of a recommendation made by the General Purposes Sub-Committee on this point.

105 The Committee then examined the accounts of the Northern India Salt Revenue Department, given in the Appendix compiled by the Director of Commercial Audit. As in the case of Railways, the Committee desired to have in future a more informative report giving up-to-date information regarding the salt projects generally as a commercial undertaking. The Central Board of Revenue undertook to furnish such a report next year. The Chairman promised to arrange for the issue of necessary instructions to all Commercial Departments on this subject after the work of the Public Accounts Committee had concluded.

106 The Committee then adjourned till 11 A.M. on Tuesday, the 1st December 1931.

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Proceedings of the Ninth meeting of the Public Accounts Committee held on  
Tuesday, the 1st December 1931, at 11 A.M.

PRESENT

The Hon'ble SIR GEORGE SCHUSTER, *Chairman*

Mr S C MITRA

Kunwar Hajee ISMAIL ALIKHAN

Mr T N RAMAKRISHNA REDDI

Mr B DAS

Rao Bahadur M C RAJAH

Mr MUHAMMAD ANWAR-UL-AZIM

Maulvi Sir MUHAMMAD YAKUB

Mr J RAMSAY SCOTT

Dr R D DALAL

*Members*

The Hon'ble Sir ARTHUR McWATERS, Financial Secretary

Sir ERNEST BURDON, Auditor General

Mr D C CAMPBELL, Director of Commercial Audit

Mr J F MITCHELL, Accountant General, Central Revenues

*Present during the examination of the Appropriation Accounts relating to the Foreign and Political Department —*

Mr E B HOWELL, Foreign Secretary

Mr V NARAHARI RAO, Under Secretary,  
Foreign and Political Department

Rao Bahadur CHUNI LAL, Assistant Financial  
Secretary, North-West Frontier Province

Lala SUNDAR DAS, Financial Assistant,  
Baluchistan

*Witnesses*

*Present during the examination of the Appropriation Accounts relating to the Legislative Department —*

Sir LANCELOT GRAHAM, Secretary, Legislative  
Department

*Witness*

*Present during the examination of the Appropriation Accounts relating to the Legislative Assembly Department —*

Mr S C GUPTA, Secretary, Legislative Assembly  
Department

*Witness*

107 The Committee first took up for consideration the list of outstanding items relating to Foreign and Political Department in Appendix I

108 Item 63 — *Settlement of outstanding claims in connection with the repatriation of refugees from India* — It was explained that out of a total claim of over £50,000 only a sum of about £3,000 was outstanding

109 *Item 64—Settlement of certain outstanding claims against Foreign Governments and Indian States.*

110 *Item 68—Non-utilisation of the provision made under Grant No 79—Rajputana for the award of scholarship to a female student*

111 *Item 69—Recovery of claims outstanding against the Persian Government*

112 *Item 70—Grant of leave to officers who had committed irregularities, such as falsification of vouchers, etc*

The Committee was satisfied with the action taken and the explanations furnished in respect of these items

113 *Item 65—Arrangements made for framing more reliable estimates of expenditure on account of the training of N-W F Province students at the King Edward Medical College, Lahore, and Medical School, Amritsar*—The Committee desired to be informed next year whether the arrangements made had the desired result

114 *Item 66—Police Clothing Fund in Baluchistan*—The Auditor General explained that he was going into the question of audit of these and similar funds in some detail to see whether proper rules governing their operation had been framed, and whether the accounts were audited with reference to those rules and stores in stock. He added that he was comparing the procedure with that obtaining on the Army side and in the Provinces, and that he would give a full note on the question next year

115 *Item 67—Experimental Fruit Farm at Quetta*—The Committee desired to have each year a report in a simple form showing the results up to date, and giving statistics, like those furnished in paragraph 11 of Appendix IV, indicating the economic progress in Baluchistan as a result of the continuance of the Experimental Farm. The Auditor General promised to make arrangements for preparing the *pro forma* accounts of the Farm—*vide* page 445 of the Appropriation Accounts—on a strictly commercial basis

116 *Item 71—Refusal of His Majesty's Government to pay a moiety of the cost of certain Diplomatic and Consular establishments in Persia*—The Committee considered that in cases of this kind the Government of India should press for a reference to an independent tribunal. The Committee also desired that this general question should be included in the Special Appendix of cases pending consideration in connection with the constitutional revision

#### GRANT—POLITICAL

117 *Page 535 of the Appropriation Accounts*—The Committee considered that the question of incidence of expenditure on the Persian Legation should be included in the Special Appendix for consideration in connection with the constitutional changes

#### GRANT NO 97—LOANS AND ADVANCES BEARING INTEREST

118 The attention of the Committee was drawn by the Auditor General to the comments on page 606 of the Appropriation Accounts regarding the great, and apparently unanticipated, increase in the liability of the Bahawalpur Durbar. The Chairman fully explained the position to the

Committee, and added that the question of technical and financial reconstruction of the project was now actually under investigation by a highly qualified expert Committee. After hearing the Chairman the Committee decided to place on record their view that the whole question of examination of the financial prospects of projects for which the Government of India was asked to advance loans either to the Provincial Governments or to Indian States is a matter of extreme importance. It appeared to the Committee that in a number of cases of projects which were now approaching completion it was becoming apparent that original estimates had been faulty either as regards the cost of the project or as regards the return to be expected and that heavy losses were likely to be incurred. This indicated that the financial examination by the Government of India in the first place was inadequate. The Committee pointed out that although the Government of India merely advanced money to the authorities undertaking the projects and was not itself directly interested in their commercial results nevertheless the failure of a large project might so upset the financial position of the borrowing authority that it would be unable to meet the services of the loans which it had raised from the Government of India. It was for this reason that the Government of India must satisfy itself as to the merits of the project. The Committee recorded its view that such an examination must be regarded as one of the most vitally important duties of the Government of India and that the responsibility for it should be clearly laid down so as to avoid any possibility of misunderstanding as to where it lay at all stages of the consideration of any business. The Committee considered that the ultimate responsibility must rest with the Finance Department which should be properly organised to discharge it, and should receive the co-operation of all other Departments in doing so.

116 The Committee then adjourned till 2-30 p.m.

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Proceedings of the Tenth meeting of the Public Accounts Committee held on  
Tuesday, the 1st December 1931, at 2-30 P.M.

PRESENT.

The Hon'ble Sir GEORGE SCHUSTER, *Chairman*

Mr S C MITRA

Kunwar Hajee ISMAIL ALIKHAN

Mr T N RAMAKRISHNA REDDI

Mr B DAS

Rao Bahadur M C RAJAH

Mr MUHAMMAD ANWAR-UL-AZIM

Maulvi Sir MUHAMMAD YAKUB

Mr J RAMSAY SCOTT

Dr R D DALAL

Members

The Hon'ble Sir ARTHUR McWATTERS, Financial Secretary.

Sir ERNEST BURDON, Auditor General

Mr J F MITCHELL, Accountant General, Central Revenue;

Mr D C CAMPBELL, Director of Commercial Audit

*Present during the examination of the Appropriation Accounts relating to the Commerce Department —*

The Hon'ble Mr J C B DRAKE, Secretary,  
Commerce Department

Mr A RAISMAN, Joint Secretary, Commerce  
Department

Witnesses

*Present during the examination of the Appropriation Accounts relating to the Department of Industries and Labour —*

Mr S LALL, Deputy Secretary, Department  
of Industries and Labour

The Hon'ble Mr J C B DRAKE, Secretary,  
Department of Industries and Labour

Mr F TYMMS, Director of Civil Aviation

Mr C T LETTON, Controller of Printing and  
Stationery

Witnesses

117 The Committee first took up for consideration the list of outstanding items shown against the Commerce Department in Appendix I —

118 *Item 15—Allocation of ecclesiastical expenditure between, the Civil and Army Departments*—The Committee agreed that in view of the impending constitutional changes it was not worth undertaking the difficult task of apportionment at the present juncture, but considered that the question should be included in the Special Appendix of points requiring examination in connection with the constitutional changes

119 *Item 16—Revision of Ecclesiastical Rules.*—The Committee desired to be informed next year of the progress of this case.

120 *Item 17—Present practice of not charging interest on past capital expenditure in the case of the Persian Gulf Lighting Service*—The Committee was satisfied with\* the explanation given by the witnesses

#### GRANT No 45—PORTS AND PILOTAGE

121 *Bengal Pilot Service*—The Committee was informed that the results of 1930-31 showed a deficit of over a lakh on the Bengal Pilot Service, and that the Commerce Department was considering the question of raising the charges. The matter was now actually under investigation by the Pilot Dues Committee, which was considering the question of changing the basis of pilot dues from draught to tonnage, and their report was expected before January next. The Committee desired to place on record their views (a) that the position should be adjusted as soon as possible so as to eliminate the deficit, by retrenchments rather than by putting up the dues, and (b) that the results should be closely watched so as to ensure that the necessary adjustments to secure a balance of receipts against expenditure should be made more promptly than had been done in the present case.

The Committee noted that interest on the Depreciation Reserve in connection with the Bengal Pilot Service account was allowed on the opening balance and not on the mean between the opening and the closing balances, and thought it was desirable to have a uniform practice in all Departments.

122 *Page 159 of the Appropriation Accounts*—The Committee endorsed the comments of the Accountant-General that only those modifications of Grants which were not within the competence of the Commerce Department to sanction should in future be communicated through the Government of India, Finance Department, and that copies of sanctions endorsed by the Finance Department after the close of the year should not be treated as amounting to sanctions by that Department as modifications cannot be sanctioned after the close of the financial year.

#### GRANT No 62—COMMERCIAL INTELLIGENCE AND STATISTICS

123 As savings were persistent over a number of years under the head "Payments to Railways and Steamship Companies in connection with the compilation and publication of Rail and River-Borne Statistics", the Department should devote particular attention to the preparation of estimates under this head.

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#### GRANT No 61—AVIATION

124 The Committee desired to have information regarding the total cost of the acquisition and preparation of the Chittagong landing ground\*.

#### GRANT No 53—MINES

125 *Paragraph 20 of the Auditor General's letter*—It was pointed out that the examination fees realised during the year amounted to Rs 7,353 according to the administrative accounts and not Rs 4,414 as stated by the Auditor General. The Committee desired that the discrepancy be cleared up, and that similar discrepancies should always be reconciled before the stage for examination by the Public Accounts Committee was reached.

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\*Since supplied, vide Appendix XXVI



## GRANT No 60—INDUSTRIES.

126 Certain members raised the question of the adequacy of the representation of the Assembly on the Governing Body of the Indian School of Mines, and the Committee desired to have a note on the subject from the Department

## GRANT No 73—STATIONERY AND PRINTING

127 The Controller of Stationery and Printing explained the reasons for the unsatisfactory state of the accounts of the Central Publication Branch, to which the attention of the Committee was drawn in paragraph 22 of the Auditor General's letter. It was also pointed out that the Stores, Printing and Stationery Retrenchment Sub-Committee had reported that on account of over-crowding of the Central Publication Branch at the Calcutta Press stock-taking was rendered impossible and that additions to staff would become imperative. The Committee desired that the proposal to move the Branch into the empty Press buildings in Old Delhi should be urgently examined as, if it would really improve the control of stocks, etc., without increase of staff, it might prove on balance to be a substantial economy.

## GRANT No 74—MISCELLANEOUS

128 *Page 365 of the Appropriation Accounts*—At the request of one of the members the Department of Industries and Labour was asked to furnish a note<sup>1</sup> giving information regarding the equipment allowance given to Delegates and Advisers sent to the International Labour Conferences.

129 The Committee then adjourned till 2 P M on Wednesday, the 2nd December 1931

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\*Since furnished, *vide* Appendix XXXVII

Proceedings of the Eleventh meeting of the Public Accounts Committee held on  
Wednesday, the 2nd December 1931, at 2 P.M.

PRESENT

The Hon ble SII GEORGE SCHUSTER, *Chairman*

Mr S C MITRA

Kunwar Hajeer ISMAIL ALIKHAN

Mr T N RAMAKRISHNA REDDI

Mr B DAS

Rao Bahadur M C RAJAH

Mr MUHAMMAD ANWAR-UL-AZIM

Maulvi SII MUHAMMAD YAKUB

Mr J RAMSAY SCOTT

Dr R D DALAL

*Members.*

The Hon'ble SII ARTHUR McWATTERS, Financial Secretary

Sir ERNEST BURDON, Auditor General

Mr D C CAMPBELL, Director of Commercial Audit

Mr J F MITCHELL, Accountant General, Central Revenues

Mr S C GUPTA, Audit Officer, Indian Stores Department

*Present during the examination of the Appropriation Accounts relating to the Department of Industries and Labour —*

Mr S LALL, Deputy Secretary, Department of Industries and Labour

Mr HAFAZAT HUSSAIN, Under Secretary, Department of Industries and Labour

Mr J S PITKEATHLY, Chief Controller of Stores

Mr T RYAN, Joint Secretary, Department of Industries and Labour

Mr D G HARRIS, Consulting Engineer to the Government of India

Mr A BREBNER, Chief Engineer, Central Public Works Department, Delhi

*Witnesses*

*Present during the examination of the Appropriation Accounts relating to the Department of Education, Health and Lands —*

Sir FRANK NOYCE, Secretary, Department of Education, Health and Lands

Mr A B REDD, Deputy Secretary, Department of Education, Health and Lands

Mr RAM CHANDRA, Additional Deputy Secretary, Department of Education, Health and Lands

*Witnesses*

130 The Committee took up for consideration the list of outstanding items relating to the Department of Industries and Labour, Appendix I

131 *Item 76 — Separate exhibition of the commercial and non-commercial portions of the work of the Indian Stores Department —* The Committee

considered the Memorandum on the subject furnished by the Chief Controller, and also the Profit and Loss Statement for 1930-31 prepared by the Audit Officer on the lines of the recommendation by the previous Committee (*vide* Appendix XXIV) The Director of Commercial Audit thought that the Statement represented the position with reasonable accuracy The Chief Controller justified the allocation of certain items of expenditure

The question of removing the Government Test House from the control of the Indian Stores Department was raised It was explained by the Chief Controller that, though it was on principle correct that the Test House should be an independent institution like the National Physical Laboratory in London, the time was not yet ripe for taking such a step The institution was at present still in need of special support, and the direct connection with the Indian Stores Department, which commanded the greatest volume of business, available for the Test House was a valuable factor

132 *Item 77—Transfer of the control of the roads and buildings in the North-West Frontier Province from the Military Engineer Services to the Public Works Department*—The Committee was informed that the Government of India had accepted the suggestion, which was also endorsed by the North-West Frontier Province Subjects Committee

133 *Item 78—Questions relating to the rents of residential buildings, etc., in New Delhi*—The Committee was informed that peons' quarters were occupied rent-free and that it had been decided by Government that the Army Department should not be debited with the loss incurred on account of residential buildings supplied to them The Committee decided to include the question of charging to the Army estimates the expenditure on account of the free supply of residences and furniture to His Excellency the Commander-in-Chief in the Special Appendix of items to be considered in connection with the revision of the constitution

134 *Item 79—Exclusion of the rent of furniture supplied to His Excellency the Commander-in-Chief in showing the financial results of the arrangements for supply of furniture to the tenants of Government residential buildings in Delhi*

*Item 84—Revaluation of assets of the type of printing machines in Government of India Presses*

The Committee was satisfied with the action taken and the explanations furnished in these cases

135 *Items 80 and 81—Question of purchase of all stores required by Government Departments through the Indian Stores Department*—The Committee was informed that the Stores Retrenchment Sub-Committee was dealing with the question, and thought that it had better be left to be further pursued by that Committee

136 *Item 82—Question of appointment of a Committee of the Legislature to deal with the allotments, etc., of residences to Members in Simla*—The Committee desired that the question be referred again to the Legislative Assembly and Legislative Departments for re-consideration with a view to ensuring proper attention to the convenience of the Members of the Legislative Assembly and the Council of State, respectively

137 *Item 83—The importance of the Departments of the Government of India giving the Central Printing Office as long a notice as possible of*

*then requirements*—The Committee observed that this matter required constant watch, and was informed that the Central Printing Office called the attention of the Department of Industries and Labour to any cases which required special action

138 *Item 85—Issue by the Indian Stores Department of a pamphlet showing the extent of educative and other work which the Department was doing in the direction of assisting Indian Industries*—The Committee had been supplied with a pamphlet prepared on the lines recommended by the previous Committee, and was informed that it was the intention of the Department to issue a revised edition of the same about every second year. The Committee were satisfied that this would give adequate effect to their recommendation

139 The Committee discussed with the Chief Controller the question of the adequacy of the rate of commission charged by the Indian Stores Department for purchase and inspection. The Chief Controller explained the basis on which the existing rate of 2 per cent of the value of stores had been fixed, and added that in his opinion the rate was rather on the low side—an opinion with which the Director of Commercial Audit agreed. It was, however, added that any increase in the rate might make customers less willing to utilize the Department for the purchase and/or inspection of stores. The Committee was informed that the Stores Retrenchment Sub-Committee was seized of this matter, and desired that the Committee should pursue the matter thoroughly

140 The Committee considered the question of reducing the strength of the London Stores Department and making it an agency of the Indian Stores Department. The Committee noted with satisfaction that the High Commissioner had already appointed a small committee to examine thoroughly the exact nature and extent of the responsibilities of the London Stores Department, both in purchasing stores direct and in assisting Indian authorities to purchase stores, and decided to await the Report of that Committee and the comments of the High Commissioner before it considered the future of the London Stores Department

#### GRANT No 71—CIVIL WORKS

141 *Page 305 of the Appropriation Accounts—"Decoration of the Imperial Secretariat Buildings, New Delhi"*—The attention of the representatives of the Public Works Department was drawn to the impression gathered by some members of the Committee that expenditure was even now being incurred for gilding a small dome in the Council House, and the representatives were asked to look into the matter and to consider, in case it was so whether further expenditure on the work should not be stopped in the present financial conditions

142 *Paragraph 17 of the Auditor General's letter (Appendix XXX)—Need for supplying departmental officers of the Central Government in the United Provinces with a set of rules to guide them in the matter of execution of petty and minor works and of repairs to departmental buildings*—The Finance Secretary explained that the draft rules originally drawn up by the Finance Department were not acceptable to the Public Works Department, and that the Auditor General had undertaken to assist in redrafting the rules so as to reconcile the requirements of audit and the position which in practice the Public Works Department occupy at present

## GRANT No 95—DELHI CAPITAL OUTLAY

143 *Page 598 of the Appropriation Accounts—Stores Account for the year 1929-30*—The Committee was informed that the balance on the 31st March 1931 was only Rs 8,77,000 against Rs 14,49,027 on the 31st March 1930, and that the former figure included Rs 5,14,000, being the value of fans, which, owing to the insufficiency of the stock, was not charged off to the buildings but was under a special procedure, included in the Stores Account. Of the balance of Rs 3,63,000, the Superintending Engineer added that stores of the value of Rs 1½ lakhs were surplus to the requirements of the Department and that all possible steps were being taken to dispose of them as quickly as possible. The Committee expressed the hope that there would be a speedy disposal of the surplus stores.

144 *Page 599 of the Appropriation Accounts—Giving of contracts to other than the lowest tenders*—The Committee was informed, in regard to the discretion granted to departmental officers to accept other than lowest tenders, that, in order to guard against any risk of this discretion being used as a cloak for giving undue preference to any contractors, arrangements had been made that all such special cases should be reported by the Executive Engineers to the Superintending Engineer so that the latter might check whether there was any unreasonable exercise of the discretionary powers vested in the Executive Engineers. In the absence of a fuller explanation of the reasons for accepting other than the lowest tenders in the cases mentioned in the Appropriation Accounts, and in the absence of information regarding the percentage which the number of such cases bore to the total number of accepted tenders during the year, the Committee was not in a position to judge whether there had been any abuse of the discretion referred to. The Auditor General stated that he would have the form of presentation of such cases in the Appropriation Accounts improved next year by the inclusion of information regarding percentages, as desired by the Committee, and by showing as irregularities only those cases where audit had challenged the acceptance of other than the lowest tender as improper exercise of the discretion of the authority accepting the tenders.

145 The Committee then proceeded to examine the representatives of the Department of Education, Health and Lands, and first took up for consideration the list of outstanding items relating to that Department in Appendix I.

146 *Item 18—Final settlement of the account of timber shipped from Burma and placed with the timber agents in London for disposal*

*Item 22—Careful watch over expenditure under Grant 56—Public Health*

*Item 23—Explanation of the reasons for variations from the previous year in the statement showing the financial results of the sale of vaccines, sera, etc., manufactured at the Central Research Institute, Kasauli*

*Item 24—Steps to prevent the recurrence of the mistake which occurred in 1928-29 in connection with the surrender from the provision of the Indian Central Cotton Committee*

*Item 25—Policy in regard to the prices of veterinary products*

*Item 27—Early adjustment of the difference between the book values and market values of the stores at the Mathematical Instrument Office, Calcutta*

*Item 28—Historical description of protected monuments.*

*Item 30—Supply of information regarding the publication of a certain Persian manuscript to a member of the Committee*

The Committee was satisfied with the action taken and the explanations furnished in these cases

147 *Items 19 and 20—Question of keeping Cinchona accounts on a commercial basis and verification of stocks*—It was explained that the Government of Bengal were reconsidering the suggestion that a system of commercial accounts should be introduced in respect of their transactions, and that the Government of India could not issue any orders until the Local Government had reached a decision in the matter. The Committee expressed the hope that a final conclusion would be reached very soon

148 *Item 21—Policy to be adopted in regard to the production and distribution of quinine*—The Committee was informed that the Government of India's stock of quinine on the 30th June last amounted to about 300 000 pounds, that 150,000 pounds were adequate for emergencies and that the Department was considering, in consultation with Local Governments, a new method of disposing of the surplus (in special phials at a cheap price) which had been suggested by the Director General, Indian Medical Service. The Committee considered it unjustifiable that a large amount of surplus stock should be held and decided to recommend that the surplus should be disposed of in some way so as either to bring money to the Government of India or to give benefit to the malaria-stricken population of India. The Committee asked for a note from the Department as to the prospects of early disposal of the surplus stock

149 *Item 26—Introduction of proper costing system in the Mathematical Instrument Office, Calcutta*—The Committee was satisfied with the action taken, after it had been further explained by the witnesses. The Committee thought that the Department might have given better information in regard to the action taken

150 *Item 29—Consideration of the question of re-organisation of the present statutory arrangement for the maintenance of the Central Museum at Calcutta*—The Committee decided that this question should be included in the Special Appendix of items awaiting consideration in connection with the constitutional changes

151 The Committee then adjourned till 10-30 A.M. on Thursday, the 31st December 1931

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Proceedings of the Twelfth meeting of the Public Accounts Committee held on  
Thursday, the 3rd December 1931, at 10-30 A. M.

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PRESENT

The Hon'ble Sir GEORGE SCHUSTER, *Chairman*

Mr S C MITRA

Kunwai Hajee ISMAIL ALIKHAN

Mr T N RAMAKRISHNA REDDI

Mr L DAS

Maulvi Sir MUHAMMAD YAKUB

Mr J RAMSAY SCOTT

Dr R D DALAL

} *Members*

The Hon'ble Sir ARTHUR MCWATTERS, *Financial Secretary*

Sir ERNEST BURDON, *Auditor General*

Mr J F MITCHELL, *Accountant General, Central Revenues*

Mr D C CAMPBELL, *Director of Commercial Audit*

*Present during the examination of the Appropriation Accounts relating to the Department of Education, Health and Lands —*

Sir FRANK NOYCE, *Secretary, Department of Education, Health and Lands*

Mr A B REID, *Deputy Secretary, Department of Education, Health and Lands*

Mr RAM CHANDRA, *Additional Deputy Secretary, Department of Education, Health and Lands*

} *Witnesses*

152 The Committee continued its examination of the Appropriation Accounts relating to the Department of Education, Health and Lands

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GRANT No 47—SURVEY OF INDIA

153 *Mathematical Instrument Office, Calcutta*—The Committee commented on the loss incurred during 1929-30 and the further loss expected in the year 1930-31, and emphasised the need for the matter being put on a satisfactory footing as a result of the retrenchment programme. The Committee asked to have a report next year of the results of retrenchment.

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GRANT No. 52—ARCHAEOLOGY

154 The Committee considered the general question of the printing of publications in excess of requirements and requested that a comprehensive note should be prepared showing how far estimates of the number fixed for publication have proved accurate, and whether in any case there have

been big surpluses and what action has been taken in regard to them. The Committee thought that the maintenance of a running report of all Government publications, showing the number printed and the number utilised might furnish useful guidance in connection with future publications. The Committee desired that an enquiry should be made as to whether there was a complete list of all Government publications, and suggested the use of the cover of the volume of Assembly Debates as an advertising medium for Government publications.

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#### GRANT No 54—OTHER SCIENTIFIC DEPARTMENTS

155 As in the case of the Mathematical Instrument Office, the Committee desired to have for all Scientific Departments a report in the next year's Appropriation Accounts showing the latest results of the retrenchment programme.

*Bose Institute, Calcutta*—The Committee thought that at a time when Government was cutting down all research grants and had even been unable to continue the essential provision for agricultural research work at Pusa, the grant to the Institute should also be subject to scrutiny for possible retrenchment. The attention of the Committee was drawn by the Auditor General to the fact that, owing to special arrangements, Government had not any control over the way in which the grant given to the Institute was spent. The Committee was of the opinion that in general there should be provision for ensuring that grants made by Government were utilised for the purposes for which they were intended, and that the special arrangement in regard to the Bose Research Institute should not be extended to other cases.

*Central Museum at Calcutta*—The Committee observed that the statements given on pages 205-08 of the Appropriation Accounts did not include the whole of the receipts and expenditure of the Central Museum, and asked that in future reports the total cost of the Museum should be given. Certain difficulties were pointed out in the way of the allocation of the cost between the Museum and the Scientific Departments concerned, e.g., the pay of certain officers who were engaged partly on Museum work and partly on Research work. The Committee suggested that the Department might either exclude these special items or explain the allocation by means of a foot-note.

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#### GRANT No 56—MEDICAL SERVICES

156 The Auditor General pointed out that the X-Ray Institute, Dehra Dun, was closed with effect from the 1st April 1930, and that the Director General, Indian Medical Service, did not consider it necessary to carry out any inspection of the stores accounts before the stores were finally disposed of. The value of surplus stores at the time when it was decided to close down the Institute amounted to 3½ lakhs, of which about 2 lakhs worth had been disposed of since then. It was explained by the departmental witnesses that the Accountant General had since been requested to depute an officer to check the stores accounts. The Committee affirmed the principle that it was necessary to carry out an inspection of the stores accounts before the stores were finally disposed of, and criticised the fact that this principle had not been observed in the case in question.



## GRANT No 57—PUBLIC HEALTH

157 *Page 225 of the Appropriation Accounts*—It was pointed out by the Accountant General that out of a sum of Rs 17,275 provided with the approval of the Standing Finance Committee for repairs to the disinfecting barge, etc, only a sum of Rs 11,125 was surrendered and that the balance was utilised on other objects of expenditure. The Committee commented on this procedure and thought that the approval of the Standing Finance Committee should have been obtained for the diversion of the provision approved for a specific purpose.

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## GRANT No 58—AGRICULTURE

158 The Committee observed that the presentation of accounts of various concerns under this head had considerably improved as a result of the recommendations made by previous committees. The Auditor General drew the attention of the Committee to the question raised in paragraph 269 of the Appendix prepared by the Director of Commercial Audit in regard to the correctness of the annual valuations of live-stock by the Director of Agricultural Institute, Pusa. The Committee was satisfied that the point had been specially brought to the notice of the authorities concerned, who were alive to its importance.

In paragraph 27 of his letter, the Auditor General drew the attention of the Committee to the possibility of reducing the loss on the Pusa Institute. On the explanation of the departmental representatives the Committee accepted the position that the main purpose of the Institute was research, that its commercial activities were only ancillary to its research and educational activities, and that the presentation of the accounts in a commercial form should not be pushed too far, but should be utilised so as to see that the loss was kept down as much as possible.

159 *Paragraph 339 of the Appendix compiled by the Director of Commercial Audit—Imperial Institute of Veterinary Research, Muktesar*—The Director explained that the statement of receipts and expenditure of the Institute given in this paragraph was on a cash basis. It was explained that the work of manufacture of sera, vaccines and other products was gradually being transferred to the Institute at Izatnagar, and that in future about 80 per cent of the production would be in the latter Institute. It was only the accounts of the latter Institute that are being commercialised.

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## GRANT No 80—ANDAMANS AND NICOBAR ISLANDS

160 *Page 488 of the Appropriation Accounts*—It was pointed out that owing to financial stringency the question of creating a local Pay and Accounts Office in the Island had been dropped. The Committee considered this to be unfortunate as the Chief Commissioner had no proper financial advice available locally. The Auditor General suggested that the position might be met by deputing a trained Assistant Accounts Officer to do the work of the Treasury Officer and also look after the accounts, etc. The Committee considered that this matter ought not to be regarded as permanently dropped, and recommended that even in the present financial stringency an effort should be made to improve the present position from

the point of view of financial control. They, therefore desired that the proposal of the Auditor General should be considered by the Finance and Home Departments in consultation with the Auditor General.

161 The Committee was informed that one of the members of the Standing Finance Committee had been deputed to visit the Andamans and to go into the whole question of the timber business, and make a report to the Standing Finance Committee. The Public Accounts Committee desired to be furnished with a copy of that report when available, and meanwhile did not undertake any detailed consideration of the matter relating to the forest development in the Island.

162 The Committee considered the suggestion that the commercial accounts should be debited with royalty on timber extracted at rates similar to those recovered from contractors, and approved, in principle, that the accounts should be so debited, and that the charge should be reckoned at a fair standard rate.

163. The Committee then adjourned till 2 P M.

Proceedings of the Thirteenth meeting of the Public Accounts Committee, held on  
Thursday, the 3rd December 1931, at 2 P.M.

PRESENT

The Hon'ble Sir GEORGE SCHUSTER, *Chairman*

M S C MITRA

Kunwar Hajee ISMAIL ALIKHAN

Mr T N RAMAKRISHNA REDDI

Mr B DAS

Maulvi Sir MUHAMMAD YAKUB

Mr J RAMSAY SCOTT

Dr R D DALAL

Members

Sir ERNEST BURDON, Auditor General

*Present during the examination of the Appropriation Accounts relating to the Home Department —*

Mr C W GWYNNE, Joint Secretary,  
Home Department

Mr S N ROY, Deputy Secretary,  
Home Department

Witnesses

*Present during the examination of the Appropriation Accounts relating to the Finance Department —*

Mr J F MITCHELL, Accountant General, Central Revenues.

Mr D C CAMPBELL, Director of Commercial Audit

The Hon'ble Sir ARTHUR MCWATTERS, Financial Secretary—Witness

164 The Committee proceeded to consider the Appropriation Accounts relating to the Home Department. The list of outstanding items relating to the Home Department in Appendix I was first taken up for consideration.

165 *Item 72—Pro forma accounts in respect of S.S. "Maharaja" and placing the Commissariat Department on a commercial basis.*

*Item 74—Question whether the purchase of a loud speaker apparatus by the head of a Local Administration in certain special circumstances should be held to be a new service*

*Item 75—Omission to obtain an additional allotment under the Grant for the Public Service Commission—*The Committee was satisfied with the action taken and the explanations furnished in respect of these items

*Item 73—The proposal for a combined Audit and Accounts office for the Andamans—*The Committee had already dealt with this question in connection with the examination of the Appropriation Accounts relating to the forest expenditure in the Andamans (*vide* paragraph 160 of these Proceedings)

GRANT No 80—ANDAMANS AND NICOBAR ISLANDS

166 The Director of Commercial Audit in paragraph 428 of his Appendix had suggested that, in view of the drop in freights since the S.S. "Maharaja" was chartered, the possibility of obtaining more favour-

able terms might be examined at the time of renewal of the Charter. The Committee was informed that when the Charter was last renewed the old terms were continued on the advice of the Nautical Adviser to the Government of India. The Committee noted with disappointment that it was not possible to reduce the rates, and considered that this is inevitable so long as the Firm from whom the ship was chartered enjoys a practical monopoly. The Committee decided that a wider enquiry should be made to try and find possible competition in rates. They did not consider that the special equipment and arrangements in the "Maharaja" for the purpose of carrying convicts could be of such an expensive nature as to make it impossible to find other vessels which could easily be adapted for the special requirements in this case. There appeared, therefore, to be no need to give the "Maharaja" a virtual monopoly.

167 The Committee examined the accounts of income and expenditure, ~~the persistent savings under the head "Postage and Telegrams", and~~ accounts should be drawn up in more detail next year, which the Director undertook to do.

#### GRANT No 27—STAFF, HOUSEHOLD AND ALLOWANCES OF THE GOVERNOR-GENERAL

168 *Page 112 of the Appropriation Accounts*—The Committee noted the persistent savings under the head "Postage and Telegrams", and desired that the estimates under this sub-head might be specially scrutinised in connection with the next Budget.

#### GRANT No 31—HOME DEPARTMENT

169 *Page 120 of the Appropriation Accounts*—In regard to the remark that the expenditure against Secret Service Contingencies was un-audited, the Auditor General explained that, under a procedure which had been laid down by the Secretary of State and agreed to by the Auditor General, the head of the Department was required to scrutinise the expenditure and furnish a certificate that the expenditure was necessary for the public service.

#### GRANT No 74—MISCELLANEOUS

170 *Page 368 of the Appropriation Accounts*—The Committee considered it to be an anomaly that the Government of India paid the quit rent for the lease of the Province of Belar and got no share of the land revenue from the Province. The Committee suggested that this question might be included in the Special Appendix of items requiring consideration in connection with the constitutional changes.

In connection with certain arrear payments for consumption of water and electric current charges in the old Secretariat buildings, the question of the proper utilisation of Viceregal Lodge and other Government properties in Old Delhi was raised. The Committee had already recommended that this question should be considered by the Government.

171 The Committee then proceeded to examine the Appropriation Accounts and other connected documents relating to the Finance Department.

#### GRANT No 25—INTEREST ON ORDINARY DEBT, ETC

172 *Paragraph 14 of the Auditor General's letter (Appendix XXX)*—The Committee welcomed the audit of the transactions connected with the Debt Redemption Scheme introduced by the Auditor General with effect

from the accounts of the year 1929-30, and agreed with him that there should be a formal audit certificate inserted in the Appropriation Accounts of the Accountant General, Central Revenues, so that the general tax-payer and the investing public may have from year to year an authoritative assurance that the conditions of the Debt Redemption Scheme have been fully observed

The Committee agreed to recommend that the excess over voted grants shown in Statement B of the Auditor General's letter be voted by the Legislature

173 *Paragraph 6 ibid*—The Committee suggested that the Budget Officer might go into the question of devising some detailed procedure in order to make effective in practice any lump sum deduction which it might be decided to make from a grant or appropriation

174 *Paragraph 7 ibid*—The Committee decided to place on record its appreciation of the very useful work done by the Director of Commercial Audit in the matter of presentation of the accounts and reviews of commercial concerns in the form of an Appendix to the Appropriation Accounts. The Committee recommended that proposals for retrenchment in connection with the Commercial Audit Department should not interfere with the introduction of proper commercial accounts, where suitable, and the careful watching of results in all commercial concerns. In particular they desired that the Appendix to the Appropriation Accounts on commercial concerns should be continued in its present form

175 The Committee endorsed the important comments in paragraphs 20—22 of the Appendix relating to the question of control over stores, and suggested that these paragraphs might be circulated to all Departments of Government

#### GRANT No 97—LOANS AND ADVANCES BEARING INTEREST

176 The Committee noted that the figures given on page 305 of the Appropriation Accounts regarding the transactions of the Provincial Loans Fund emphasise the need for an adequate financial arrangement between the Central and the Provincial Governments in order to safeguard the interests of the former, particularly under the new constitution

177 The Committee emphasised the importance of the Finance Department ensuring that all Departments of Government pay proper attention to the various recommendations and suggestions in the main report of the Committee or in its proceedings, or in the Auditor General's letter or in the Appropriation Accounts of the principal Auditor

178 The Committee then adjourned till 1-30 P.M. on Friday, the 4th December 1931

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Proceedings of the Fourteenth meeting of the Public Accounts Committee, held  
on Friday, the 4th December 1931, at 1-30 P M.

PRESENT

The Hon'ble Sir GEORGE SCHUSTER, *Chairman*

M S C MITRA

Kunwar Hajee ISMAIL ALIKHAN

Mr T N RAMAKRISHNA REDDI

Mr B DAS

Maulvi Sir MUHAMMAD YAKUB.

Mr J RAMSAY SCOTT

Dr R D DALAL

Members

The Hon'ble Sir ARTHUR McWATTERS, *Financial Secretary*

Mr ERNEST BURDON, *Auditor General*

*Present during the examination of the Appropriation Accounts and connected documents relating to the Army Department —*

Mr A MACLEOD, *Financial Adviser,  
Military Finance*

Lt-Colonel S G V ELLIS, *Military  
Accountant General*

Mr H L LIVINGSTONE, *Deputy Financial  
Adviser, Military Finance*

Mr J R BLAIR, *Deputy Secretary,  
Army Department*

Witnesses

*Present during the examination of the Memorandum furnished by Mr Ryan on the financial position of the Posts and Telegraphs Department —*

Mr T RYAN, *Director General, Posts and  
Telegraphs*

Mr S P VARMA, *Financial Adviser,  
Posts and Telegraphs*

Witnesses

179 The Committee considered the more important points in the proceedings of the Military Accounts Committee (Appendix XVIII)

180 *Paragraph 2 of the proceedings—Form of the Military Appropriation Accounts*—The Committee approved the form in which the Appropriation Accounts had been prepared on the present occasion, and accepted the recommendation of the Military Accounts Committee that the same form be continued in future

181 *Paragraph 3 (in) ibid—Abolition of the priced stores ledgers in Arsenals and other storage depots*—The position was fully explained by the Financial Adviser, the Auditor General and the Military Accountant

General The Chairman pointed out that the main questions on which it was important that the public should have information were —

- (i) *As regards the transactions of the year*—To what extent cash expenditure on stores during a year represented something more or something less than normal consumption?
- (ii) *As regards the position at the end of the year*—To what extent quantities of stocks held were excessive or deficient as compared with the standard quantities required?

Information on questions (i) and (ii) would enable the public to know whether current expenditure had been more or less than what is normally to be expected, and whether a situation was arising which was likely to upset the budgetary position in the future as a result of the creation of deficiencies which would eventually have to be made up out of revenue. There was also a third question which was important for assessing the position, *viz* —

- (iii) To what extent fluctuations in prices had affected expenditure during the year?

The Financial Adviser pointed out that the only way to provide a statement of the stocks held, which would be intelligible to the public for the purpose of making a comparison from year to year, was to compile a priced list which converted all stocks into the common measure of money. Comparison of quantities was hardly possible owing to the vast number of items—about 80,000. On the other hand, he stated emphatically that the comparisons made on the basis of the existing priced lists were really valueless because they only referred to stocks held in certain depots and took no account of stocks held with units, etc. What he proposed as a practicable measure was to follow the British practice of giving values of stocks for certain articles, and also to present, in connection with the annual budget estimates, a statement showing how the annual cash expenditure compared with consumption of stocks in respect of certain categories of stores. He further undertook to include in the statement information regarding (iii) above, and, as regards (ii), to furnish in his Appropriation Accounts an informative statement indicating any important variations from normal holdings under different categories of stores. The statement would be test-audited by the Director of Army Audit. The Auditor General on being requested by the Committee for his views confirmed that he was definitely of opinion that the present statement was of very little practical value and that statements on the lines proposed by the Financial Adviser, if designed so as to give information under the head stated above, would be more useful. The Committee having regard to the view of the Auditor General, and to the British practice in the matter decided to express its approval of the proposal.

182 *Paragraph 12 ibid and Appendix E of the Military Appropriation Accounts*—The Committee attached great importance to the proper description of the various items of losses shown in this statement, and endorsed the recommendation of the Military Accounts Committee that the question should be examined by the Master General of Ordnance in consultation with the Military Accounts Department.

183 *Paragraph 3 (iv) ibid*—Statement showing the normal cost of the various arms of the Military Services—It was explained that the figure of

normal cost per man was so misleading as to serve no useful purpose, and that in future, following the British Practice, a statement will be appended to the budget estimates showing the estimated normal cost per unit under much fewer detailed headings than at present. The Committee agreed to the proposed procedure.

184 *Paragraph 3 (v) ibid—Pro forma account of the expenditure in special programme measures*—The Committee accepted the recommendation of the Military Accounts Committee that in future the Director of Army Audit should continue to carry out a concurrent audit of the expenditure.

185 *Paragraph 3 (x) ibid—Amalgamation of the two pension offices*—The Military Accountant General explained the scheme of amalgamation and pointed out that, as a result, there was increased efficiency combined with a reduction of expenditure.

186 ~~*Paragraph 13 of the Director General's letter on the Military Appropriation Accounts*~~ *Para 13 ibid & Para 5 of the Auditor General's letter on the M* *Military Works Programme*—The Committee endorsed the recommendation of the Military Accounts Committee that Military authorities should define more exactly the scope of the original demand for military works than at present, and conform in their expenditure more closely to the scope of the original demand as so defined.

187 *Paragraph 6 (v) ibid—Trading accounts of Military concerns*—The Committee desired to be informed next year of the results of the examination by the Military authorities of the Memorandum on the subject by the Director of Army Audit (*vide* Annexure A to Appendix XVIII).

188 *Paragraph 24 ibid—Capitation Grants*—Certain members of the Committee expressed strong criticism in regard to the delay in the settlement of this question, and the Committee recommended that the Government of India should do their utmost to press His Majesty's Government to bring about a speedy settlement.

189 *Paragraph 26 ibid—General recommendation of the Military Accounts Committee that all authorities controlling grants should study the Appropriation Accounts and connected comments and suggestions and apply the lessons to their future administration of public funds*.—The Committee fully endorsed this recommendation.

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190 *Memorandum furnished by Mr. Ryan, Director General, Posts and Telegraphs, regarding the financial position of the Posts and Telegraphs Department (Appendix XXII)*—The Committee most emphatically endorsed the view that as a matter of principle, the department should be self-supporting, and that whatever steps were necessary to bring this about should be taken, and efforts could not be relaxed until this result had been achieved. In the Committee's view there were three principal lines of action which might help to achieve this purpose—

- (a) Retrenchment in normal expenditure—including revision of establishment, conditions of pay and service,
- (b) Adjustment of charges to the public,
- (c) Improvement in commercial management—to secure greater efficiency and increased business—resulting in increased net revenue.



As regards (a), the Committee considered that the recommendations of the Retrenchment Committee held the field and that the first task was to concentrate on them. As to (b), the Committee considered that nothing further could be done at present. As to (c), the Committee considered that it might possibly be advantageous at some later stage to have an expert enquiry, but they did not consider that this would be opportune at the present juncture, for they thought it would be better to await results of action taken under (a) and (b). Further discussion on this subject was, however, adjourned until the meeting proposed for January when the Committee would be able to consider the Government of India's proposals for giving effect to the recommendations of the Committee on Posts and Telegraphs Accounts.

191 The Committee then adjourned till 11 A.M. on Saturday, the 5th December 1931

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Proceedings of the Fifteenth meeting of the Public Accounts Committee held on  
Saturday, the 5th December 1931, at 11 A.M.

PRESENT :

The Hon'ble Sir George SCHUSTER, *Chairman.*

Mr S C MITRA

Kunwai Hajee ISMAIL ALIKHAN.

Mr T N RAMAKRISHNA REDDI

Mr B DAS

Maulvi Sir MUHAMMAD YAKUB.

Mr J RAMSAY SCOTT

Dr R D DALAL

} *Members.*

The Hon'ble Sir Arthur McWATTERS, *Financial Secretary.*

Sir Ernest BURDON, *Auditor General*

Mr MOHAMMAD RAFI, Deputy Secretary, } Representative of the Le-  
Legislative Assembly Department } gislative Assembly De-  
partment

Mr T G RUSSELL, Chief Commissioner of } Representatives of  
Railways } the Railway Board.  
Mr P R RAU, Director of Finance, Railway }  
Board }

Mr L S DEANE, *Controller of Railway Accounts*

Mr A C BADENOCH, *Director of Railway Audit*

192 The Committee discussed with Mr Mohammad Rafi the question of the submission of railway receipts by members of the Legislative Assembly in support of their claim for conveyance of their motor cars. It was explained that the practice was not uniform, some members submitting railway receipts and others giving only a certificate of actual expenses incurred. The Auditor General was requested to give the Committee a short note on the question of uniform insistence on production of railway receipts in respect of claims for conveyance of motor cars in all Departments.

193 The Committee next proceeded with the examination of the representatives from the Railway Department.

GRANT NO 92 — *Capital outlay on Vizagapatam Harbour*

194 It was explained that the original project estimate was for Rs 2,23 lakhs, and that the estimate for additional works since sanctioned increased the total sanctioned outlay on the scheme to 2,48 lakhs. Owing to delay in the completion of the works further addition to capital outlay had to be made in the shape of interest charges which brought the total revised estimate to 3,11 lakhs. It had been decided that the interest charges on the capital outlay for the first five years after the opening of the port should be charged to the capital account, which would bring the total capital up to 4,07 lakhs. The Committee thought it a fair criticism to make that Government had been too optimistic in regard to the project, and that they should take advantage of the lesson to be learnt from the experience on the scheme to prevent similar mis-

takes in future The Committee recommended that in case of every project a clear historical record should be compiled when the work was finally completed, summarising the lessons to be learnt as a guide for the future A record of this kind on all important projects would help to enable the Government in future to assess the prospects of new capital projects The Committee also suggested that, in view of the fact that the time taken for the completion of the harbour project has been more than originally estimated, thereby increasing considerably the nominal capital at charge, the question of reducing the period during which interest charges on capital outlay after the opening of the port would be charged to capital might be considered The period was now fixed at 5 years and it was suggested that it might be reduced to 3 years The witnesses were also requested to furnish to the Committee, at their next meeting in January, a note\* showing clearly what the increase in capital expenditure was due to, and whether the expenditure has in view of the present financial stringency now been curtailed to an irreducible minimum

195 One of the members raised the question whether, in view of the fact that Madras and Central Provinces would be benefited by the large expenditure incurred on the Vizagapatam Harbour Project, a portion of any loss incurred on the project should not be charged to the Provincial Governments concerned The Committee took the view that the course suggested was not possible in regard to this project, the arrangements for which had been finally settled long ago, but that the question of making the provinces particularly concerned take some of the risk in the case of future projects of this kind might be noted in the Special Appendix of questions awaiting consideration in connection with constitutional changes

196 The Committee then proceeded to consider the confidential memorandum (Appendix XXVII) by the Auditor General on the recommendations of the Railway Retrenchment Sub-committee for reduction in expenditure on Railway Audit and Accounts The subject was very fully discussed, and the Committee had the advantage of hearing the views of the Chief Commissioner based on his practical experience as an Agent of a Railway The issue involved weighing on the one side the advantages of—

(a) decentralisation,

(b) giving practical recognition to the fact that the accounts of any business represent an essential part of the management of the business in regard to which the chief executive officer ought both to have direct knowledge and feel direct responsibility,

and on the other side—

(a) the importance of preserving the independence of the chief accounts officer whose sense of freedom in checking the work of the management might be impaired if he were no more than part of the organisation under the control of the chief executive officer

(b) the necessity (in the special case of a huge undertaking like the Indian Railways consisting of a number of separate main line systems) of preserving co ordination of accounting work under the Financial Commissioner for Railways, who has to act as an independent officer responsible to the Finance Department for the

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\*Since furnished, vide Appendix XXXIV

accounts, and on whom rests the special task of ensuring that the accounts are kept and presented in combination in an accurate and clear form suitable for the proper information of, and control by, the Legislature

The Committee recognised that a distinction should be drawn between—

- (a) disciplinary control over the accounts staff and responsibility for selection and posting of personnel, and
- (b) control over the actual accounting work and the compilation of accounts,

and that it might perhaps be easier to establish that the chief executive officer on each railway system should be responsible for (a) than for (b). But the Committee were generally disinclined to see the responsibility of the Financial Commissioner and the independence of the accounts staff weakened under either head. They noted that the Auditor General had pointed out to the Retrenchment Sub-Committee that in every experimental separation of Audit and Accounts in India hitherto the separated Accounts office had been placed under the Finance Department and not under the purely administrative department, and they understood that the Retrenchment Sub-committee had accepted the view that any material departure from this principle would be unsound.

The Committee felt that it would be improper for them to pass judgment on the actual recommendations of the Retrenchment Sub-committee, especially without an opportunity for joint discussion with its members. On the other hand, they felt no difficulty in answering the direct question which had been put to them by the Auditor General, *viz*, whether they were prepared to assent to any substantial diminution in the information as regards railway receipts and expenditure and in the facilities for financial control which had been afforded to the Legislature by the existing system. Their answer to that question must be decisively in the negative, more especially as they felt that, even with the existing facilities, the opportunities for financial control by the Legislature over Railway expenditure were not entirely adequate or satisfactory. Further, inasmuch as the Auditor General informed them that after careful consideration he felt no doubt that the recommendations of the Retrenchment Sub-committee regarding Railway accounts, combined with their recommendations on Railway audit, would lead to a substantial diminution of the existing facilities for financial control, the Committee felt bound to accept the Auditor General's opinion.

197 In view of the considerations recorded in the preceding paragraph, the Committee then turned to consider the alternative method of economy suggested by the Auditor General, *viz*, a return to the combined system of audit and accounts. The Committee took note of the following considerations—

- (a) That the Acworth Committee had recommended that the Railway Department should be responsible for its own accounts, and that this recommendation had been endorsed by Sir Arthur Dickinson
- (b) That the decision for the separation of audit and accounts had been taken in 1927 after full and careful consideration by the Government of India with the express approval of the Legislature.

- (c) That the advantages of a system of separated accounts could not be expressed merely in terms of direct cost, and that the Auditor General considered it preferable before coming to any decision to see how far the separated audit of railway receipts and expenditure could be safely limited and to what points the limited audit could best be directed, and also how far economies could be made in the accounts system
- (d) That the total saving to be achieved by reverting to the old system of combined accounts and audit would be about 15 lakhs, and that the Railway accounts staff considered that they saw their way in any case to effecting economies of about 9 lakhs while retaining the present system

The Committee's conclusion on these considerations was that they could not at this stage recommend a reversal of the considered policy of the Government after it had only had two years practical trial, but they endorsed the Auditor General's proposal that the Director of Railway Audit, Mr. Badenoch, should during the next few months conduct a scientific and methodical investigation into the suggestions made by the Auditor General [*vide* (c) above], and that in the light of his investigations the matter should be reconsidered by the Committee

At the special request of the Committee Sir Arthur McWatters stated his views as follows. He agreed with what the Auditor General proposed and gave his personal view that unless substantial economies could be effected, the alternative suggestion to combine audit and accounts should be seriously considered, and that he would like to be convinced that the actual benefits from the separation were worth the increased cost.

198 The Committee directed the Secretary to send\* a copy of the Auditor General's confidential memorandum and an extract of its own recommendations to Mr. Shanmukham Chetty, Chairman of the Railway Retrenchment Sub-committee, and ask for his views on the subject.

199 The Committee desired to be furnished with a copy of the report† on the Kangra Valley Scheme and to be informed‡ of the action taken on the report at its next meeting in January. The Committee also recommended that when any transactions, which are the subject of recommendations by the Public Accounts Committee, are concluded, the final result should be reported to the Committee

200 The Committee asked the Secretary to prepare a note|| showing how the present system of consideration of the Military Appropriation Accounts by an *ad hoc* committee was evolved, and what the proper functions of the main Committee were in regard to the Military Appropriation Accounts

201 The Committee decided to place on record its high appreciation of the assistance rendered to the Committee by Sir Arthur McWatters, and its sense of loss at his impending retirement from service. Sir Arthur McWatters expressed his thanks to the Committee for its appreciation of his services

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\* Since sent

† Report since furnished. Not printed here

‡ Information since supplied, *vide* Appendix XXVIII

|| Since supplied, *vide* Appendix XXIX

Proceedings of the Sixteenth meeting of the Public Accounts Committee held  
on Friday, the 22nd January 1932, at 11 A.M.

PRESENT

The Hon'ble Sir GEORGE SCHUSTER, *Chairman.*

MR S C. MITRA

Kunwar Hajeer ISMAIL ALIKHAN

Mr RAMAKRISHNA REDDI

Mr J RAMSAY SCOTT

Dr R D DALAL

*Members*

Sir ERNEST BURDON, Auditor General

Mr A F L. BRAYNE, Financial Secretary

202 The Committee considered the draft of the Report and adopted it with certain modifications

203 The Committee considered the Auditor General's suggestion in his Memorandum of doubtful cases of new service appearing in the accounts for 1929-30 (Appendix IX) that expenditure on traffic surveys on Railways need not be looked upon as a "new service" or a "new instrument of service" requiring a specific vote of the Legislature unless the expenditure rises, or is thought likely to rise, to a sum exceeding a limit to be specified by the Public Accounts Committee. The Committee decided to accept the suggestion of the Auditor General and considered that the monetary limit might be fixed at Rs 10,000

204 The note circulated to the Committee showing how the present system of consideration of the Military Appropriation Accounts by a special Committee was evolved, and what the proper functions of the main Committee were in regard to the Military Appropriation Accounts (Appendix XXIX), was then considered. It was explained by the Auditor General that, in view of the conversion of the post of Controller of Civil Accounts into that of Deputy Auditor General, it was necessary to modify the present constitution of the Military Accounts Committee. The Committee desired that some non-official members should also be associated with the Military Accounts Committee, and decided to recommend that in future the Military Accounts Committee should consist of the Hon'ble the Finance Member, the Financial Secretary and three other non-official members of the Public Accounts Committee to be nominated by that Committee.



## V. APPENDICES.

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### APPENDIX I.

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(Third Quarterly)

Statement showing action taken or proposed to be taken on previous recommendations, etc., made by the Public Accounts Committee.

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*Statement showing the action taken or proposed to be taken on recommendations,  
disposed of till*

Serial No	Reference to Appendices to last Report	Year of Report	Paragraph of Report or Proceedings	Recommendations, observations or promises
				<b>CIVIL (AUDITOR GENERAL)</b>
1	II-29 ..	1927-28	58 R	That, when preparing the accounts of the Dairy Farm and the Slaughter house in the Andamans on a commercial basis, the Auditor General should consider whether any portion of the loss on the working of these undertakings can properly be charged against the Army estimates
2	II 50	1927-28	77 P .	That the Auditor General will look into the question of the necessity for a Suspense head under Grant No 22—"Irrigation, Navigation, Embankment and Drainage Works—charged to Revenue" for 1927-28
3	..	1928-29 .	78 P .	That in order to enable the Committee to decide whether any recommendation should be made in regard to the Experimental Fruit Farm at Quetta, the Auditor General might see whether the <i>pro forma</i> accounts were on a proper commercial basis
4	..	1928-29	109 P .	That it would be interesting to have, from the Director of Commercial Audit in 1931, a general note on the stock-taking system and the methods of inspection
5	..	1928-29	140 P	That it would be useful to have special comments of the Auditor General in 1931 to show how matters were going in regard to the increased audit charges of the Indian Stores Department
				<b>CIVIL (CENTRAL BOARD OF REVENUE)</b>
6	III-6 ..	1924-25 1925-26	30 R . 16 R	That every endeavour should be made to expedite the revision of the Sea Customs Act of 1878
7	II-6 ..	1927-28	19 R ..	That it is desirable that the most effective form of audit should be applied to Customs receipts but that the cost must also be taken into account
	..	1928-29 .	61 P ..	That the Committee should be fully informed in 1931 of the Auditor General's final views in the matter of the institution of concurrent audit in the Customs Department

etc, made by the Public Accounts Committee which had not been finally July 1930

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Action taken or proposed to be taken.

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The question has been examined in consultation with the Director of Commercial Audit. It is understood that the consumption of the products by the Military forces is comparatively small, and their requirements do not constitute the main reason for the maintenance of these institutions. The strength of the troops stationed at Port Blair has also been considerably reduced since the question was raised by the Public Accounts Committee. It is not, therefore, considered equitable to charge any portion of the loss on working these undertakings to the Army Estimates.

The introduction of a "Suspense" head under Public Works Establishment heads was authorised in 1926 for the adjustment of Public Works establishment charges incurred in England which came to notice after the *pro rata* distribution of establishment charges had been made in March final accounts. With a view, however, to avoid operating upon the "Suspense" head, steps were taken in September 1927 to obtain necessary statements from the High Commissioner early enough to allow of necessary adjustments being made directly under the final heads. The matter does not call for any further action.

The account has not been cast in a strictly commercial form as the question of the treatment of the Farm as a commercial concern has not yet been decided by the Government of India. This has been mentioned in paragraph 4 of the comments on page 444 of the Appropriation Report, Central (Civil), for 1929-30.

The Director of Commercial Audit has prepared a note on the subject and included it in his Appendix to the Central (Civil) Appropriation Report for 1929-30.

A memorandum on the subject has been prepared and circulated to the Members of the Public Accounts Committee (*vide* Appendix XI).

Revision of Sea Customs Act is still under consideration.

Further progress with the scheme relating to the internal check of Customs receipts, which involved considerable expenditure, has been postponed for the present. The Auditor General will, however, place a Senior Officer of the Indian Audit Department on special duty in November 1931, to conduct an enquiry into the functions of the Audit Department in relation to the Customs Department with a view to defining them more precisely and into the manner in which the audit of customs receipts can be undertaken so as to be most effective. A full statement of Auditor General's final views in the matter of the institution of concurrent audit in the Customs Department could be made to the Public Accounts Committee only after the results of this enquiry are known.

*Statement showing the action taken or proposed to be taken on recommendations, disposed of till*

Serial No	Reference to Appendices to last Report	Year of Report	Paragraph of Report or Proceedings	Recommendations, observations or promises.
8	.	1928-29	33 R	CIVIL (CENTRAL BOARD OF REVENUE)— <i>concl'd</i> That the purchase of buildings for the use of the Income tax Department, Bihar and Orissa, being a "new instrument of service" rather than a "new service", it was not necessary to go up to the Assembly for a special vote
9	.	1928-29	64 P	That steps should be taken to improve the estimating in the Income tax Department even with the present staff
10		1928-29	65 P	That a note should be submitted on the whole question of the experiment of the sanding of pans at Nawa, which was ultimately abandoned
11		1928 29	67 P	That there should be further discussion between the Central Board of Revenue, the Auditor General and the Director of Commercial Audit in order that they might arrive at an agreed calculation of the extra cost involved in maintaining a ledger and journal for the Northern India Salt Revenue Department
12	.	1928 29	68 P	(a) That, in connection with the Northern India Salt Revenue Department, the allocation of the expenditure relating to royalties and compensations to the various salt sources in the commercial accounts should be reviewed in order that an unduly large proportion of it might not be charged to a particular source  (b) That the payments to Indian States should be reviewed in connection with the recommendations made in the Butler Committee's Report
13	.	1928 29	69 P	That, in future, the reports which would be prepared by the Superintendents of Government commercial concerns, should contain fuller explanations of variations in the cost of production, etc., of salt
14		1928-29	73 P	That figures relating to losses of opium should be given in future reports for a series of years in order that the Committee might be in a position to see whether the loss was going up or coming down

*etc, made by the Public Accounts Committee which had not been finally July 1930—contd*

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Action taken or proposed to be taken

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The Government of India accept the Committee's view

Noted by the Central Board of Revenue

Owing to some misunderstanding the note was not circulated to the Committee. The note has since been prepared and circulated to the Members (*vide* Appendix III)

The Central Board of Revenue and the Director of Commercial Audit agree that the extra cost that would have to be incurred in maintaining a ledger and journal in the Northern India Salt Revenue Department would be the average cost of a clerk on Rs 120—8—200. The Auditor General has no remarks to offer. It is not proposed to create such an appointment at present in view of the financial stringency \*

- (a) The Commissioner's views on this suggestion have since been received and considered by the Central Board of Revenue and the Government of India. They have decided that it is not necessary to interfere with the present allocation between different sources in Rajputana of so much of the 'treaty payments' (including royalty) as is at present debited to the cost of manufacture. Even if it were possible to justify some small change in this respect, the matter would be of only academical interest in view of the decision reached by the Government in 1929 not to fix the selling price for each source strictly in accordance with the cost price there but to adjust the selling price as between Northern India sources in the most convenient way, subject to the principle that the selling prices of salt from the group of sources should be such as to cover, in the long run, the total cost of salt produced at those sources.
- (b) The Foreign and Political Department and the Central Board of Revenue have considered this matter and have decided that no further action is necessary.

Noted by the Central Board of Revenue and instructions issued

Figures for five successive years will be given in future

*Statement showing the action taken or proposed to be taken on recommendations,  
disposed of till*

Serial No	Reference to Appendices to last Report	Year of Report	Paragraph of Report or Proceedings	Recommendations, observations or promises
15	III-16	1926-27	25 R	CIVIL (COMMERCE) That the Government of India should take up the question of the propriety of debiting Ecclesiastical charges incurred in connection with the Army to the head "Ecclesiastical" in the Civil estimates
		1928-29	91 P	That an approximate allocation of Ecclesiastical expenditure between the Civil and the Army Departments should be possible and that a further report on the subject should be submitted in 1931
16	III-27	1926-27	62 R	That the revision of the Ecclesiastical Rules should be expedited
17		1928-29	92 P	That, if the arrangement relating to the Persian Gulf Lighting Service Fund was intended to be one which put upon the Shipping Companies the obligation to pay dues to meet the expenses of the services, then interest on the capital ought to be included in the expenses
18	III-20	1926-27	45 R	CIVIL (EDUCATION, HEALTH AND LANDS) That the Committee would be glad to know in due course whether the account of timber shipped from Burma and placed with the timber agents in London for disposal has been finally settled
19	III-21	1926-27	49 R	That the question of keeping cinchona accounts on a commercial basis in respect of the transactions of the Government of India be taken up as early as possible
		1928-29	109 P	That the settlement of the question should be expedited in consultation with the Government of Bengal
20	III-22	1926-27	50 R	That steps should be taken to place matters in regard to the verification of stocks of cinchona bark at Mungpoo on a satisfactory footing
	--	1928-29	109 P	That the settlement of the question should be expedited in consultation with the Government of Bengal
21	II-24	1927-28	53 R ..	That the Government of India should soon investigate, in consultation with the Provincial Governments, the whole question of the policy to be adopted in regard to the production and distribution of quinine

*etc , made by the Public Accounts Committee which had not been finally  
July 1930—contd*

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Action taken or proposed to be taken

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A memorandum on the subject has been circulated to the members of the Public Accounts Committee (*vide* Appendix V)

The draft of the revised rules, which has been prepared by the Commerce Department, will be referred to the other Departments of the Government of India, the local Governments and the Ecclesiastical authorities concerned, for their observations at a very early date.

A memorandum on the subject has been circulated to the members of the Public Accounts Committee (*vide* Appendix VI)

The accounts of the " Cheng Tu " timber have now been finally settled. A sum of Rs 1,25,673 representing the net loss to the Government of India on account of the Cheng Tu cargo, which was outstanding in the books of the Accountant General, Central Revenues, was met by a supplementary grant of this amount. Orders have also issued in regard to the allocation of the sum of £5,500 received from Messrs Howard Bros in respect of the total stock of timber belonging to the Government of India held by that firm on the 31st December 1928.

The suggestion that a commercial system of accounts should be introduced in this Department originated with the Government of Bengal who have now dropped this matter. The question whether the Government of India should adopt such a system separately is now under consideration in consultation with the Director of Commercial Audit.

The report of the Director of Commercial Audit who had sent one of his officers to Mungpoo to ascertain the present state of the accounts of Government of India stocks of bark and gumme has been received and is under consideration.

The matter is still under consideration.

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*Statement showing the action taken or proposed to be taken on recommendations,  
disposed of till*

Serial No	Reference to Appendices to last Report	Year of Report	Paragraph of Report or Proceedings	Recommendations, observations or promises
		1928-29	18 (2) R	CIVIL (EDUCATION, HEALTH AND LANDS)— <i>contd</i> That the Government of India should try to dispose of 20 per cent of their stocks of quinine at a special cheap price in order to encourage a greater consumption of it for anti-malarial purposes and thus to create a better demand for the balance and that they might possibly again circularise the Provincial Governments about it
22		1928 29	102 P	That, under Grant 56—Public Health, more attention should have been paid to the progress of expenditure before a supplementary grant was asked for and that the expenditure should be watched carefully in future
23	.	1928 29	103 P	That, whenever the statement showing the financial result of the sale of vaccines, sera, etc., manufactured at the Central Research Institute, Kasauli, showed marked variations from the previous year, it would be useful to have a suitable foot note explaining the reasons for the variations
24	—	1928-29	104 P	That steps should be taken to prevent a recurrence of the mistake which occurred in 1928 29 in connection with the surrender from the provision for the Indian Central Cotton Committee
25		1928 29	105 P	That the policy of Government in regard to the prices of veterinary products should be reconsidered when the introduction of commercial accounts at Izatnagar had brought out the true financial results
26		1928-29	106 P	That the question of the introduction of a proper costing system in the Mathematical Instrument Office at Calcutta should be settled between the Department of Education, Health and Lands and the Director of Commercial Audit
27	—	1928-29	107 P ..	That the difference between the book values and market values of the stores at the Mathematical Instrument Office at Calcutta should be adjusted as soon as possible under proper sanction

*etc., made by the Public Accounts Committee which had not been finally July 1930—contd*

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Action taken or proposed to be taken.

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The matter is under consideration and it is hoped that local Governments will be addressed shortly

The remarks have been brought to the notice of the Director General, Indian Medical Service and Public Health Commissioner who have noted them for future guidance

The suggestion was brought to the notice of the Director, Central Research Institute, Kasauli, for compliance, and has been given effect to in the Appropriation Accounts of the Central Government (Civil) for 1929-30 (page 226)

Necessary instructions have been issued to the Secretary, Indian Central Cotton Committee

Noted by the Department of Education, Health and Lands

The question was discussed by the Superintendent, Mathematical Instrument Office, with the Director of Commercial Audit, during the latter's visit to the Mathematical Instrument Office at Calcutta on the 1st April, 1931. It is understood that the Director is satisfied with the present system of costing accounts maintained and does not wish to press for any alteration at present

The Surveyor General has reported that revaluation of all stores stocked at the Mathematical Instrument Office at the end of each year is not possible as fifty per cent of the stocks are not procurable in India and have no local market value. The procedure adopted in the office is not to revalue the stocks but to bring them on when received at an average rate. Values of certain old stocks, which could not be disposed of, have been reduced under the sanction of the Surveyor General

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*Statement showing the action taken or proposed to be taken on recommendations,  
disposed of till*

Serial No	Reference to Appendices to last Report	Year of Report	Paragraph of Report or Proceedings	Recommendations, observations or promises
28		1928-29	110 P	CIVIL (EDUCATION, HEALTH AND LANDS)— <i>concl'd</i> That, for the convenience of the public, a historical description of protected monuments should be made available on the premises where this has not already been done
29		1928-29	111 P	(a) That an account of the receipts and expenditure of the Central Museum at Calcutta should be appended to the Appropriation Accounts, notwithstanding the general recommendation to the contrary which was made in 1924-25 (b) That, after the forthcoming constitutional revision, a re organisation of the present statutory arrangement for the maintenance of the institution should be one of the points to be considered by the Government of India
30		1928-29	112 P	That the Department might ascertain and inform Maulvi Muhammad Yakub whether the Persian Manuscript, <i>Tarikh i Herat</i> , had been actually published
31	III-1	1922-23	33 R	CIVIL (FINANCE) That, as recommended by the Inchcape Committee, it is desirable to amend the leave rules which seem to be unnecessarily complicated
32	III-2	1923-24 1924-25	30—33 R 12 R	That the question of creating a Civil Contingencies Fund on the English model should be considered
33	III-3	1923-24 1925-26 1926-27	38 R 35 R 20 (2) R	That the question of the treatment of losses of revenue due to fraud, defalcation, etc., as a form of expenditure, thereby bringing them to the notice of the Public Accounts Committee through the Appropriation Accounts should be settled at an early date
34	III-4	1923-24	43 R	That, if sums are lost to the State through the irregular action of an officer who has retired between the date of committing the irregularity and the date of its discovery, it should be considered whether any part of such sums should not be recovered from him in spite of his retirement or whether any disciplinary action in the matter of reducing his pension or otherwise should not be taken against him
		1928-29	7 P	That the Committee took a serious interest in this matter

*etc, made by the Public Accounts Committee which had not been finally July 1930—contd*

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Action taken or proposed to be taken

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Necessary instructions have already been issued by the Director General of Archæology in India to the Archæological Superintendents to provide historical notices at the protected monuments in their respective circles. Such notices have already been fixed on important monuments at Delhi and Agra.

(a) The recommendation of the Committee has been accepted and put into effect.

(b) The necessary action in the matter will be taken in due course.

Maulvi (now Sir) Muhammad Yakub was informed on the 25th March 1931 that 120 pages out of an estimated number of 544 pages of the manuscript had been printed and that budget provision had been made for printing as much of the work remaining to be done as it is anticipated will be completed during the year.

The matter was discussed at the Conference of Financial Representatives held in May 1931. Detailed proposals are being considered in consultation with the Auditor General and provincial Governments.

This has been held up pending revision of the constitution.

The draft rules regarding the treatment of losses in Government accounts have been circulated to Provincial Governments and their views are being awaited.

The question of making a separate set of rules or of inserting necessary rules in the Civil Service Regulations was considered and the decision reached is that the matter should not be proceeded with. A memorandum giving reasons for the decision has been prepared and copies of it have been circulated to the members of the Committee (*vide* Appendix X). Certain instructions have also been issued to Departments, etc.

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*Statement showing the action taken or proposed to be taken on recommendations,  
disposed of till*

Serial No	Reference to Appendices to last Report	Year of Report	Paragraph of Report or Proceedings	Recommendations, observations or promises
				<b>CIVIL (FINANCE)—contd</b>
35	III-5	1924-25	10—11 R	That working expenses of Commercial Departments should be shown on the expenditure side of the accounts and the interest received from the Provincial Loans Fund shown on the receipt side
36	III-7	1924-25 1925-26	33 R 23 R	That the question of allowing the Auditor General to have direct access to the Secretary of State should be left for examination by the Statutory Commission
37	III-8	1924-25 1925-26	41 R 23 R	That the question of removing the anomalous relations between the Auditor General and the Auditor of Indian Home Accounts should be left for examination by the Statutory Commission
38	III-9	1925-26	3 R	That, in regard to disbursements under Loans and Advances, the necessity for submitting the outgoings to the vote of the Assembly should be examined and that the limits of votability in regard to them should be made clear in accordance with the procedure adopted in England in regard to similar transactions
39	III-10	1925-26	11 R	That the question of eliminating large annual adjustments should be taken up by the Finance Department as an accounting question and definite orders should be issued
40	III-12	1925-26 1926-27	29—32 R 20 (6) R	That a decision on the question of a more systematic audit of receipts and stores is not likely to be reached till after the Statutory Commission has reported
41	III-14	1925-26	59 R	That it should be a convention that an opportunity should be given to the Public Accounts Committee or the Legislative Assembly to express their views before the Governor General declares as non-votable an item of expenditure which has been votable
42	III-30	1926-27	68 R	That the Government of India should reach a decision on the points referred to in paragraphs 4 and 6 of the Auditor General's Memorandum on the working of the Provincial Loans Fund (Appendix X to Public Accounts Committee's Report on the Accounts of 1926-27)

*etc, made by the Public Accounts Committee which had not been finally July 1930—contd.*

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Action taken or proposed to be taken

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The orders of the Secretary of State are that a final decision on the subject should be postponed until after receipt of the Statutory Commission's Report. The Report has since been received but this question has not yet been taken up in view of impending constitutional changes.

Consideration of this question has been held up pending the constitutional changes

Consideration of this question has been held up pending the constitutional changes

The consideration of the question of votability of disbursements under Debt and Deposit heads has been held up pending the constitutional changes

The question is still under consideration

The issue raised is one of many concerning the functions and authority of the Auditor General which will require examination as part of the arrangements to be made in connection with the constitutional changes

This has been held up pending revision of the constitution \*

The question is under consideration

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\*s But see paragraph 10 of the Proceedings and Appendix XXIII.

*Statement showing the action taken or proposed to be taken on recommendation,  
disposed of till*

Serial No	Reference to Appendices to last Report	Year of Report	Paragraph of Report or Proceedings	Recommendations, observations or promises
				<b>CIVIL (FINANCE)—<i>contd</i></b>
43	II-5	1927-28	18 R	That the question of the necessity for the Reserve placed at the disposal of the Finance Department should be further considered
44	II-27	1927 28	56 R	That the Finance Department should enquire into the possibility of improving the present procedure for the preparation of budgets in areas like Delhi where there is a separate Pay and Accounts Officer who can assist the Chief Commissioner in framing accurate budgets
45	II-28	1927 28	57 R	That the fact that the expenditure shown under the head 'Agriculture' under Grant 76 Delhi relates to the maintenance of gardens in the Delhi City and not to the improvement of agriculture in rural areas should be made clear in future Demands for Grants and Appropriation Accounts by the exhibition of the expenditure under the sub head 'Horticulture'
46		1928 29	9 R	That the Assembly should assent to the excess grants mentioned by the Committee
47		1928 29	11 R	That they are content that a procedure similar to that adopted on the occasion of the discussion of the Public Accounts Committee's Report for 1927-28 in the Assembly in 1930 should be adopted in future years unless the Assembly desire that one of the other alternatives suggested in paragraph 30 of that Report should be adopted in any particular year
48		1928-29	12 R	That, in regard to the reviews of Government commercial concerns in the Civil Department, the Committee want a comparison of the results of a series of years including those of the latest year for which audited figures can be made available, and that the Finance Department should pursue the question of speeding up audited figures for the purpose
49		1928-29	18 (1) R	That Government should make sure that all cases held up pending the constitutional revision are brought under review at the first opportunity

*etc., made by the Public Accounts Committee which had not been finally July 1930—contd*

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Action taken or proposed to be taken

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This has been held up pending revision of the constitution

General instructions were issued in connection with the estimates for 1931-32 The question is under further consideration in its more general aspect

A sub head D 1-Horticulture has been opened under sub head D—Agriculture under Account IX—Other Expenditure Heads in Demand No 80—Delhi for 1931 32

The Assembly sanctioned the excess grants in question at their meeting of the 18th February 1931 and the usual Government Resolution on the subject has also been issued

Noted

Instructions have been issued to the Director of Commercial Audit \*

This has been brought to the notice of all concerned

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\*A Summary of working results of the Government of India commercial concerns (civil) for the financial year 1930-31 has since been furnished by the Director of Commercial Audit Not printed here.

*Statement showing the action taken or proposed to be taken on recommendations,  
disposed of till*

Serial No	Reference to Appendices to last Report	Year of Report	Paragraph of Report or Proceedings	Recommendations, observations or promises
50		1928-29	19 R	CIVIL (FINANCE)— <i>contd</i> (a) That the improvement of financial control is a matter which requires constant attention (b) Where there is a Pay and Accounts Office in operation, the advice of the officer in charge should be obtained before surrenders are made and such advice as regards supplementary grants, etc., should be promptly followed
* 52		1928 29	37 R	That the question of Provincial balances should be carefully examined in connection with the forthcoming constitutional review and that the services rendered by the Central Government to the Provincial Governments as their banker should be treated on a strictly commercial basis, the Provincial Governments being required to keep balances according to the needs of the situation and to pay interest on over drafts, just as they would do with a banker
53		1928 29	39 R	That the Government of India should consider the possibility of allowing more time for the work of the Public Accounts Committee in future years
54		1928-29	2 P	That Government should see that rule 51 of the Indian Legislative Rules is suitably amended in time so as to provide for re election of members to the Public Accounts Committee when the life of the Assembly is extended beyond 3 years
55		1928 29	3 P	That the Chairman would see if anything could be done to correct the erroneous impression that there were clashes between the Public Accounts Committee and Government
56		1928 29	40 P	That the lists of outstandings given in the reports of Audit Officers should be agreed with the Appendices prepared for the Committee which should be arranged by Departments
57		1928-29	71 P	That the accounts of the Opium Department for the year ending the 30th September 1929, might be circulated with the first quarterly Statement which would go to the members of the Committee in accordance with the procedure laid down in paragraph 4 of the Finance Department Resolution of the 13th June 1930

\* No. 51 transferred to Posts and Telegraphs Section

*etc., made by the Public Accounts Committee which had not been finally July 1930—contd*

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Action taken or proposed to be taken.

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The Government of India accept the Committee's views which have been brought to the notice of the various Controlling authorities

Noted

Every endeavour will be made to meet the wishes of the Committee

The question of amending the Indian Legislative Rules in the direction indicated will be considered in due course

Noted

This has been done so far as the Report of the Accountant General, Central Revenues, on the Appropriation Accounts of the Central Government (Civil) for 1929-30 is concerned. Necessary reconciliation\* statements will be issued for the convenience of the Members of the Committee in respect of the outstandings shown in the Railway and the Posts and Telegraphs Appropriation Reports for 1929-30 in which the arrangement could not be adopted. Necessary instructions regarding the new procedure have already been issued by the Auditor General to the Audit Officers concerned.

The accounts in question have been incorporated in the "Appendix to the Appropriation Accounts of the Central Government (Civil) for 1929-30", copies of which have been circulated to the members of the Committee.



*Statement showing the action taken or proposed to be taken on recommendations, disposed of till*

Serial No	Reference to Appendices to last Report	Year of Report	Paragraph of Report or Proceedings	Recommendations, observations or promises
				CIVIL (FINANCE)—concl'd
58		1928-29	128 P	That the general average of saving under Grant 67-Currency was high
59		1928-29	129 P	That a suitable note should be inserted in the Appropriation Accounts in cases in which any change of importance is made
60		1928-29	130 P	That explanations of individual excesses of less than Rs 100 need not be given in the Appropriation Accounts in future
61		1928-29	131 P	(a) That the question of the net addition to the charge on Central revenues involved in the apparent increase in the cost of the High Commissioner's establishment, should be settled by the Finance Department in consultation with the Auditor General and (b) that when there is a change in the accounting procedure there should be an explanatory note in the Appropriation Accounts
62		1928-29	147 P	That the annual discussion of the Report of the Committee by the Legislative Assembly should preferably take place before the presentation of the Railway Budget
				CIVIL (FOREIGN AND POLITICAL)
63	III-19	1926-27	39 R	That the Committee would like to know the progress made in the settlement of claims with Foreign Governments in connection with repatriation of refugees from India
64	III-28	1926-27	64 R	That the Committee would like to have a report showing the progress of the settlement of the outstanding claims against certain Foreign Governments and Indian States
65		1928-29	76 P	That arrangements might be made with the Government of the Punjab with a view to framing more reliable estimates of expenditure on account of the training of N W F Province students at the King Edward Medical College, Lahore, and Medical School, Amritsar

*etc, made by the Public Accounts Committee which had not been finally July 1930—contd*

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Action taken or proposed to be taken

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The point has been examined in consultation with the Controller of the Currency and the Master, Security Printing, and it has been ascertained that the savings occurred mainly under the Currency Note Press and were due to the fact that the estimate was for the first complete year of working with no previous data on which it could be based.

Noted

Accepted

(a) Settled

(b) Noted

The recommendation was given effect to in connection with the discussion of the Public Accounts Committee's Report for 1928-29

The Government of India have since written off the amounts outstanding in the books of the various accounts officers. Any outstandings which may be subsequently recovered will be credited in the books of the Accountant General, Central Revenues

In regard to claims against Foreign Governments further negotiations are now in progress as the Persian Government have since re opened the question of payment. The reference to Indian States was to an outstanding claim against the Jaipur State which has been finally settled

Necessary action has been taken

*Statement showing the action taken or proposed to be taken on recommendations, disposed of till*

Serial No	Reference to Appendices to last Report	Year of Report	Paragraph of Report or Proceedings	Recommendations, observations or promises
66	..	1928-29	77 P	CIVIL (FOREIGN AND POLITICAL)— <i>concl'd</i> That a note should be submitted on the Police Clothing Fund in Baluchistan as well as on any other funds of the kind which might be in existence
67	.	1928-29	78 P	That a special report on the Experimental Fruit Farm at Quetta should be submitted in 1931
68	..	1928-29	79 P	That the Foreign and Political Department might examine the reasons for the non-utilisation of the provision made under Grant No 79-Rajputana for the award of Scholarships to a female student and let Maulvi Muhammad Yakub know about them
69	..	1928-29	80 P	That, in regard to the outstandings against the Persian Government representing the pay, allowances, pension contribution and leave salary of certain Assistant Surgeons whom the Government of India had been deputing in the past for quarantine work in the Persian Gulf, it might be satisfactory to arrive at a settlement on the basis of recovering the portion for which liability had been admitted and waiving the balance of the claim
70	..	1928 29	34 R	That only in very exceptional cases should irregularities like falsification of vouchers and other documents and temporary retention of a considerable sum of money be condoned by allowing the officer to proceed on leave and then to resign his appointment with effect from the date of expiry of the leave
71		1928-29	84 P	That, in connection with the apportionment of the cost of certain Diplomatic and Consular Establishments in Persia between the Imperial and Indian Governments, further action should be taken in order to effect the recovery from the Imperial Government in respect of their share of the cost for February and March 1919

*etc, made by the Public Accounts Committee which had not been finally July 1930—contd*

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Action taken or proposed to be taken.

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A note on the Police Clothing and Police Equipment Funds in Baluchistan, furnished by the Local Administration, has been circulated to the members of the Committee (*vide* Appendix XIV) With the introduction of the Personal deposit account system at the Quetta Treasury in respect of these Funds, they have ceased to exist as Local Funds

A report by the Agricultural Officer, Baluchistan, on the Experimental Fruit Farm at Quetta has been received and is under the consideration of the Government of India Meanwhile copies of it have been circulated to the members of the Committee (*vide* Appendix IV)

Maulvi Sir Muhammad Yakub has been informed of the reasons for the non utilisation of the provision

The Government of India have decided as before to continue to press for payment at regular intervals

The attention of the Local Governments has been drawn to the remarks of the Committee

His Majesty's Government have finally refused to pay a moiety of the expenditure and it has therefore been decided to drop the matter

*Statement showing the action taken or proposed to be taken on recommendations,  
disposed of till*

Serial No	Reference to Appendices to last Report	Year of Report	Paragraph of Report or Proceedings	Recommendations, observations or promises
				<b>CIVIL (HOME)</b>
72	III-25	1926 27	59 R	That the question of the form in which the <i>pro forma</i> profit and loss accounts in respect of S S "Maharaja" should be prepared and the question of placing the Commissariat Department on a commercial basis should be settled early
73	III-26 II-55	1926 27 1927-28 1928 29	60 R 126 P 18 (3) R	That the proposed combined audit and accounts office for the Andamans should be established as soon as possible and that the head of the Office, when one is instituted, should be a man with general intelligence—an Accounts Officer who would keep an eye as to how the administration was going on generally from the point of view of financial results
74		1928 29	32 R	That the purchase of a loud speaker apparatus by the head of a local Administration cannot be held to be a new service
75		1928 29	119 P	That the attention of the Public Service Commission should be drawn to the omission to obtain an additional allotment in respect of the cost of electric energy consumed at Metcalfe House
				<b>CIVIL (INDUSTRIES AND LABOUR)</b>
76	III-11	1925-26	22 R	That the deficit on account of the non-commercial portion of the work of the Indian Stores Department connected with the development of Indian Industries should be separately exhibited in the accounts in order that the true position of the Department might be more faithfully recorded
		1928-29	139 P	That the Committee are not prepared to accept as final the decision of the Government of India that the separate exhibition of the accounts relating to the non-commercial portion of the work of the Indian Stores Department is impracticable, and that special attempts should be made to evolve a system in consultation with the Director of Commercial Audit

*etc, made by the Public Accounts Committee which had not been finally July 1930—contd*

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Action taken or proposed to be taken

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The form of the *pro forma* profit and loss accounts in respect of S S "Maharaja" has since been settled, and the Commissariat Department has also been placed on a commercial basis

Owing to financial stringency the scheme for a combined audit and accounts office in the Andamans has been postponed for the present

The Government of India accept the Committee's view.

The attention of the Public Service Commission has been drawn to the remarks of the Public Accounts Committee

The question has been discussed by the Chief Controller of Stores with the Director of Commercial Audit and the Audit Officer, Indian Stores Department. The Chief Controller of Stores has reported that a decision has been arrived at and that the Profit and Loss Account for the year 1930-31 is being prepared by the Audit Officer, Indian Stores Department, on the lines decided upon \*

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\* Note and the Profit and Loss Account since furnished, vide Appendix XXIV

*Statement showing the action taken or proposed to be taken on recommendations,  
disposed of till*

Serial No	Reference to Appendices to last Report.	Year of Report.	Paragraph of Report or Proceedings	Recommendations, observations or promises
				<b>CIVIL (INDUSTRIES AND LABOUR)—contd</b>
77	III-13 ..	1925 26 .	47 R ..	That the Committee should be informed whether Government have accepted the suggestion that the control of the roads and buildings in the North-West Frontier Province should be transferred from the Military Engineering Services to the Public Works Department
	..	1928 29 ..	97 P .	That it is desirable that the matter should be decided one way or the other in the course of 1931
78	III-23 ..	1928 27 . 1928 29	57 R . 99 P	That the following questions should be settled as early as possible —  (a) revision of rents of residential buildings in Delhi,  (b) adequacy of rents charged for furniture supplied to Government residential buildings in Delhi,  (c) incidence of expenditure on the residence, etc., of His Excellency the Commander-in-Chief, and  (d) recovery from Commercial Departments of the loss incurred on account of residential buildings supplied to them by the Public Works Department
79	..	1928 29 ..	98 P ..	That, in showing the financial results of the arrangements for the supply of furniture to the tenants of Government residential buildings in Delhi and New Delhi, the rent of the furniture, which is in practice supplied free to His Excellency the Commander in Chief, should be excluded

*etc, made by the Public Accounts Committee which had not been finally July 1930—contd*

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Action taken or proposed to be taken.

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The North-West Frontier Province Subjects Committee have made certain recommendations in the matter and the views of the local Administration on those recommendations are now awaited by the Government of India

- (a) The peons' quarters in New Delhi are the only buildings now left of which rents have not yet been revised
- (b) Inventories of furniture have been prepared in the case of bungalows of Hon'ble Members and Gazetted Officers, and clerks' quarters in the New Capital Area. Proposals in respect of the revision of the scale and rents of furniture in these buildings have been approved by the Government of India. The proposal to revalue the furniture according to market rates has also been approved and the revaluation completed
- (c) It has been decided that pending a revision of the constitution, the present practice of the civil estimates bearing the expenditure on account of the free supply of residences and furniture to His Excellency the Commander-in-Chief should continue
- (d) All the Commercial Departments have accepted the proposal with the exception of the Army Department who have challenged their being classified as a Commercial Department. This point is at present under consideration in the Finance Department in consultation with the Army Department

Necessary action has been taken in the matter.

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*Statement showing the action taken or proposed to be taken on recommendations,  
disposed of till*

Serial No	Reference to Appendices to last Report	Year of Report	Paragraph of Report or Proceedings	Recommendations, observations or promises
80	II-18	1927-28	43 R	<p>CIVIL (INDUSTRIES AND LABOUR)—<i>concl'd</i></p> <p>That Government should either issue orders that all stores (other than stores of a special technical nature) required by any Government Department should in future be purchased through the Indian Stores Department, or appoint a Committee of the Legislative Assembly to enquire into the present position and working of the Indian Stores Department</p>
		1928-29	16 R	
81	.	1928-29	17 R	That, with a view to making the Indian Stores Department self supporting, the question of the various Departments of the Government of India making serious efforts to purchase stores through that Department be constantly kept under review and that the Committee propose to enquire into the matter again in 1931
82	II-51	1927-28	81 P	That it might be desirable to appoint a Committee of the Legislature to deal with the allotment, etc., of residences to members in Simla
83	.	1928-29	35 R	That it is very important that Departments of the Government of India should give the Central Printing Office as long notice as possible of their requirements in order that the latter may be able to arrange the work in the most economical manner
84		1928-29	95 P	That it is dangerous to revalue assets of the type of printing machines by writing up the original cost
85	.	1928-29 ..	141 P	That it would be valuable if the Indian Stores Department could consider the question of publishing a pamphlet showing the extent of educative and other work which it was doing in the direction of assisting Indian industries

*etc., made by the Public Accounts Committee which had not been finally July 1930—contd*

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Action taken or proposed to be taken

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Besides the Railways and the Heads of Departments under the Department of Industries and Labour, instructions have since been issued to Minor Local Governments and to all Heads of Departments subordinate to the Home, Commerce and Foreign and Political Departments, and to the Private Secretary and the Military Secretary to His Excellency the Viceroy to purchase (with certain exceptions) their stores through the agency of the Indian Stores Department. Similar instructions have also been issued to the Heads of Departments subordinate to the Finance Department, except the Controller of the Currency and the Master, Security Printing, India, who have been directed to employ the Indian Stores Department as far as they can do so with advantage. The Legislative Department, the Legislative Assembly Department and the Financial Adviser (Military Finance) have also decided to obtain their requirements of stores through the Indian Stores Department. The question of issuing similar instructions to the Heads of Departments subordinate to other Departments of the Government of India is under consideration. The main question of the present position and future working of the Indian Stores Department is also under examination by a Committee of the Assembly in connection with retrenchment.

The question is constantly kept under review. Every effort is made to see that purchases on behalf of the Government Departments are made through the Indian Stores Department as far as possible.

The question has been considered and dropped.

Necessary instructions have been issued to the Departments.

The comments of the Public Accounts Committee have been brought to the notice of the officers in charge of the Government of India Presses who have been instructed to obtain the approval of the Controller of Printing and Stationery before dead stock articles of any description are revalued.

A pamphlet on assistance rendered by the Indian Stores Department has been prepared and copies thereof will be supplied to the members of the Public Accounts Committee.\*

*Statement showing the action taken or proposed to be taken on recommendations,  
disposed of till*

Serial No	Reference to Appendices to last Report	Year of Report	Paragraph of Report or Proceeding	Recommendations, observations or promises
				<b>MILITARY</b>
	III-18 .	1926-27	38 R	That the Committee would like to know the result of the negotiations between the Government of India and the War Office in connection with the various claims by the Imperial Government against Indian revenues mainly in respect of liabilities arising out of the War
	..	1928-29 .	15 R ..	That the Committee would await the result of the joint examination of the question of improving the trading accounts of manufacturing establishments on the Military side, by the Directors of Army and Commercial Audit, which the Auditor General had promised to arrange
3	..	1928 29 .	27 R .	(a) That there is room for improvement, so far as the Military Appropriation Accounts are concerned, in the direction of closer and more correct estimating, particularly in regard to the Home estimates, where it should be possible for the Indian and the Home Estimating Officers, to keep in closer touch with one another and thus avoid large differences between estimates and actuals pertaining to ordinary charges recurring from year to year, and (b) That these views, which the Committee share with the Auditor General, should be brought to the notice of the Secretary of State
4	.	1928-29	28 R ..	(a) That as much of the special military expenditure as possible should be exhibited separately in the accounts and that the Finance Department should see what action can be taken as regards the remainder with a view to its being determined with the greatest measure of accuracy which is possible (b) That it might be desirable to detail an Audit Officer in order that suitable accounting arrangements might be devised in consultation with the Military Accountant General (c) That, in order that the Appropriation Accounts may completely fulfil their function, it is necessary that they should include an examination of the receipt side of the account, though not in great detail

*etc, made by the Public Accounts Committee which had not been finally July 1930—contd*

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Action taken or proposed to be taken

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The negotiations have almost reached their final stage and the terms of the settlement may be expected to be announced shortly

A joint examination of the accounts of Army Trading Concerns, other than Ordnance and Clothing Factories, was carried out by the Director of Commercial Audit and the Director of Army Audit and certain improvements have been made in the form of the accounts of Medical Stores Depots, Grass Farms and Dairy Farms for 1929-30. The question of the utility of consolidated accounts for these trading concerns and whether trading accounts are necessary for all the concerns is under consideration. Please see paragraph 15 of the Director of Army Audit's Report on the Appropriation Accounts of the Army, Marine and Military Engineer Services for 1929-30. The question of the correctness and utility of the consolidated accounts for these trading concerns and whether trading accounts are necessary for all of them has been examined and the general results thereof will be presented by the Director of Army Audit to the Military Accounts Committee.

(a) and (b) The Auditor General's views have been communicated to the Secretary of State. As payment of furlough allowances, etc., forms one of the main items of expenditure incurred by the Home Authorities, enquiries were made of the Secretary of State whether the supply from India of approximate data showing the numbers, ranks, etc., of officers and others who propose to take leave in the ensuing year, together with the period of leave in each case, would facilitate the preparation of more accurate estimates. The remarks of the India Office on the proposal have been received. The correspondence between the Government of India and the India Office was shown to the Auditor General at whose instance it is proposed to place the correspondence before the Military Accounts Committee for consideration.

(a) and (b) The question of separately compiling in the accounts actual figures of expenditure incurred on programme measures has since been carefully considered in consultation with the Director of Army Audit and it has been found impracticable to do so. A record is, however, being maintained showing, in respect of each item of the programme, the estimated amount of expenditure already incurred, the amount allotted in the financial year for the time being current and an estimate of the expenditure remaining to be incurred. The record of expenditure incurred is checked by the Director of Army Audit to ensure that the figures are substantially correct. The audit of expenditure incurred during 1928-29 and 1929-30 is complete except for one item only which is under examination. A statement of the estimated expenditure incurred during 1930-31 has been sent to the Director of Army Audit and is being audited by him.

(c) Noted. The suggestion has been given effect to in the Appropriation Accounts for 1929-30.

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*Statement showing the action taken or proposed to be taken on recommendations,  
disposed of till*

Serial No	Reference to Appendices to last Report	Year of Report	Paragraph of Report or Proceedings	Recommendations, observations or promises
1	III-15	1925-26	66 R	POSTS AND TELEGRAPHS That the Committee would like to know the result of the examination of the question of transferring the control of the Indo European Telegraph Department to India
2	III 17	1926 27 1928 29	35 R 13 P	That the Government of India should consider whether the Posts and Telegraphs Department might not use its accumulations in the Depreciation Fund for avoidance of debt to that Government on account of Capital Outlay on new assets
3	III 31	1926 27	72 R	That the Committee would be interested to see the results of the detailed enquiry in regard to the comparative cost of running the Indian Posts and Telegraphs Department and the Indo European Telegraph Department
	..	1928-29	15 P	That the Accountant General, Posts and Telegraphs, was in correspondence with the Director in Chief of the Indo-European Telegraph Department and would submit a full report on the question of the comparative cost of running the Indian Posts and Telegraphs Department and the Indo European Telegraph Department
4	II-9	1927-28 1928 29	23 R 14 P	That they would be glad to have a report showing how the new system of making Departments responsible for the maintenance of their own buildings has worked so far as the Posts and Telegraphs Department is concerned (see paragraph 3 of Appendix XV to Public Accounts Committee's Report for 1928 29)
5	II-10	1927-28	24 R	That a small Committee be set up to consider how far the present system of accounting really provides a true picture of the commercial results of the working of the Posts and Telegraphs Department, and, as the chief part of this enquiry, to investigate the actual results of the present provision for depreciation and to consider in particular its adequacy having regard to replacements which are likely to be necessary, and to the foundation on which the capital account as it stands at present has been built up
	.	1928-29	12 P	That the whole question would be taken up with the new Member in charge of the Department of Industries and Labour

*etc, made by the Public Accounts Committee which had not been finally July 1930—contd.*

Action taken or proposed to be taken

The Indo European Telegraph Department was abolished on the 1st March 1931, and the lines and offices of that Department within Indian limits were transferred to the Indian Posts and Telegraphs Department with effect from the same date

The Government of India have decided that for the purpose of revised estimate, 1930-31, and Budget estimate, 1931-32, the rates of interest payable by them on the balances of the Depreciation Fund should be the same as those payable by the Posts and Telegraphs Department on its capital outlay. If this arrangement is made permanent, there will be no advantage in using the assets of the Depreciation Fund for meeting capital outlay on new assets

In view of the abolition of the Indo European Telegraph Department on the 1st March 1931, the information is presumably not required any longer

Reports from the Heads of all Circles have been received and carefully examined. These reports indicate that while the carrying out of repairs of the smaller buildings has been successful and economical, there has been some difficulty about properly supervising larger works and especially new works

2. Various defects in procedure brought to light by these reports have now been examined and instructions have been issued, which it is hoped will place matters on a satisfactory footing. One of the main difficulties experienced by Executive Officers has been in covering the cost of the essential supervisory staff when the outlay for this staff is restricted to 10% of the total expenditure. This point is now being further examined
3. There appears to be no doubt that the system has resulted in an improvement in the state of the Department's mofussil buildings. In the case of large buildings in the larger towns repair work has been entrusted to a considerable extent to the Public Works Department

The Committee, which was appointed in February 1931, has submitted its report which is under the consideration of the Government of India

*Statement showing the action taken or proposed to be taken on recommendations,  
disposed of till*

Serial No	Reference to Appendices to last Report	Year of Report	Paragraph of Report or Proceedings	Recommendations, observations or promises
				<b>POSTS AND TELEGRAPHS—contd</b>
6	II-11 .	1927-28	25 R .	That the settlement of claims of the Posts and Telegraphs Department against Railway and Canal Administrations on account of rentals of telegraph and telephone wires, etc., should be expedited
7	II-17 .	1927-28 .	42 R	That the Government should consider whether the relative rates of charges levied for telegrams and those levied for the use of trunk telephone lines should not be revised so as to secure the best possible economic results
8	II-48	1927-28	32 (3) P	That the Government Actuary's report on the assessment of the pensionary liability of the Posts and Telegraphs Department being now available, there should be no further delay in settling the question
9	..	1928-29 .	18 (4) R	That the question of the free grant of postage stamps to Indian States should be examined in order to see whether the Department should not get a credit for the amount in view of the commercialisation of the accounts
10	..	1928-29 ..	20 R	That the financial effect of recent revisions of establishments of the Posts and Telegraphs Department was not accurately gauged at the time when the revisions were embarked upon, that, even making all allowances for difficulties, there ought to be much closer estimating in this respect, and that the Finance Department ought to insist in future on much better estimates before they approve such schemes
11		1928-29 .	36 and 18 (4) R	That it is essential that the finances of the Indian Posts and Telegraphs Department should be placed on a satisfactory footing as early as possible, that the question of the various inter-departmental adjustments should be settled as expeditiously as possible and that the Government of India might place before the Committee in 1931 a carefully considered Memorandum on the whole subject

*etc, made by the Public Accounts Committee which had not been finally July 1930—contd*

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Action taken or proposed to be taken

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The rate of rent of wires leased to Canal authorities has already been revised and the proposal for the revision of the rent of wires leased to Railways has been referred to the Railway Board and their remarks are awaited

The question is under consideration \*

The Posts and Telegraphs Accounts Enquiry Committee, which was appointed in February 1931, has considered the question and submitted its report which is under the consideration of the Government of India.

See remarks against item 8

This has been noted and will be attended to in future.

See remarks against item 8



*Statement showing the action taken or proposed to be taken on recommendations,  
disposed of till*

Serial No	Reference to Appendices to last Report	Year of Report	Paragraph of Report or Proceedings	Recommendations, observations or promises
12		1928-29	20 P	<p align="center">POSTS AND TELEGRAPHS—<i>concl'd</i></p> <p>That a statement should be given the losses to the Posts and Telegraphs Department on account of fraud, embezzlement, etc., for ten consecutive years</p>
13		1928 29	22 P	<p>(a) That the way in which the figures showing the percentage of the cost of establishment to works expenditure in the various Telegraph Engineering Circles had been brought out was misleading, that it should be considered whether it would not be possible to formulate different rules for allocating the cost of establishments, and also whether the apparently very high percentages indicated anything wrong in the economy of the Posts and Telegraphs Department, and</p> <p>(b) That they wished to have a note explaining the figures and stating the exact facts</p>

*etc., made by the Public Accounts Committee which had not been finally July 1930—contd.*

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Action taken or proposed to be taken.

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It is not possible to give 10 years' figures    Three years' figures will be furnished to the Public Accounts Committee

Please see paragraphs 60 and 61 of the Appropriation Accounts of the Posts and Telegraph Department for 1929-30

*Statement showing the action taken or proposed to be taken on recommendations,  
disposed of till*

Serial No	Reference to Appendices to last Report	Year of Report	Paragraph of Report or Proceedings	Recommendations, observations or promises
1	III-32	1926-27	76 R	<p align="center"><b>RAILWAYS</b></p> <p>That the Committee would be glad to be informed of any improvements in the procedure relating to sales of stores</p>
2	III-33	1926-27	77 R	<p>That the Committee would like to be informed of the decisions taken regarding the recommendations of the State Railway Workshops Committee on the piece work and bonus systems and the introduction of cost accounting in workshops</p>
		1928-29	39 P	
3	III-34	1926-27	83 R	<p>That it was not clear whether the item had been fully disposed of (<i>vide</i> Appendix XXIX to the P A C's Report for 1928-29 in this connection)</p> <p>That the Railway Department should ascertain the rules in force on the Army side for the recovery of the sale proceeds of auctioned materials, with a view to their adoption, if necessary, in that Department</p>
4	II-3	1927-28	11 (items 9-13) R	<p>That it is a matter for serious consideration whether the present system according to which the Railway Capital expenditure programme for any year is settled during the preceding autumn and the Railway budget is presented to the Legislative Assembly before the general budget, is conducive to the general interests or to the proper information of the Legislative Assembly</p>
5	II-12	1927-28	26 R	<p>That action remaining to be taken on the Special Officer's report on the system of preparing budget estimates by Railways should be expedited</p>
6	II-13	1927-28	27 R	<p>(a) That the Committee desire to have a full report in 1930 comparing the expenditure on the crew system on the lines where it is in force with the recoveries made from passengers travelling without tickets and also on the question of the efficiency with which the system is being applied and administered</p> <p>(b) That the Railway Board should consider whether it will not be more appropriate to place the crew system under the control of the Accounts Department instead of under the Traffic Department</p>

*etc, made by the Public Accounts Committee which had not been finally July 1930—contd*

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### Action taken or proposed to be taken

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The memorandum reproduced in Annexure I to Appendix II to Volume I of the Report of the Public Accounts Committee on the accounts of 1927-28 shows the general instructions issued for the accounting of stores on Railways. A memorandum dealing, among other things, with the question whether the issue price of stores should include a charge for overhead expenses representing the cost of supervision, etc, and interest on fixed and floating capital has since been prepared, and it will be placed before the Standing Finance Committee for Railways. A set of rules has also recently been issued laying down the procedure to be followed in regard to the preparation and maintenance of a priced list of stores. The Railway Board's circular letter promulgating these rules has been supplied to the members of the Public Accounts Committee (*vide* Appendix XIII).

The fuller note asked for by the Committee was submitted at the last meeting, *vide* Appendix XXIX to the Public Accounts Committee's Report for 1928-29.

Definite rules regulating sales by auction of railway stores have been issued after ascertaining the procedure obtaining on the Army side. The Railway Board's circular letter on the subject has been supplied to the members of the Public Accounts Committee (*vide* Appendix XII).

As stated last year, the consideration of the question has been left over until after the revision of the constitution.

Appendix XXII to the Public Accounts Committee's Report for 1928-29 shows the action taken or proposed to be taken on the report of the Special Officer. The following two are the only items of importance still outstanding —

- (1) Adjustment of transactions of worked lines (item 5 in the Appendix referred to).  
This matter is under consideration in consultation with the Auditor General.
- (ii) Opening of a new abstract for expenses of the Transportation Department (item 7 in the Appendix referred to). As proposed, a separate abstract has been got out and it has been referred to Railway Administrations for comment.
- (a) and (b) The Report of the Committee appointed to examine the suggestion of the Public Accounts Committee has been considered and the recommendations made therein for a new scheme for checking and collecting tickets on the East Indian Railway have been approved by the Railway Board. The new scheme has been introduced on the East Indian Railway with effect from the 1st June 1931. Copies of the Report\* and of the Railway Board's orders thereon have been supplied to the members of the Committee.

*Statement showing the action taken or proposed to be taken on recommendations disposed of till*

Serial No	Reference to Appendices to last Report	Year of Report	Paragraph of Report or Proceedings	Recommendations, observations or promises
				<i>RAILWAYS—contd</i>
7	II 34	1927-28	63 R	That the Railway Board should study the elaborate set of rules drawn up by the Army Department regulating the acquisition, custody and relinquishment of State lands and buildings by Military authorities and consider whether similar rules could not be introduced for the Railways
		1928-29	34 P	That a report would be submitted on the whole question
8	II 35	1927-28	64 R	That, at the time of the preparation of the budget estimates, the Railway Board should make an attempt to bring up to date the allocation between capital and revenue, but the responsibility for checking the allocation when the expenditure is actually incurred should lie on the Government Examiner
9	II 36	1927-28	65 R	That the attention of the Locomotive Works Manager, Bengal Nagpur Railway, should again be invited to the remarks of the late Accountant General, Railways, in connection with the loss to the Railway due to absence of proper control in moulding and core making work and that a more instructive report should be furnished to the Committee
10	II 40	1927-28 1928-29	69 R 36 P	That the Railway Board should normally follow a definite policy of adjusting rates on Company-managed lines to rates on State lines
11		1928-29	13 R	(a) That accurate costing accounts should be kept for all collieries worked by Railways, so that, in a broad way, one could see from year to year whether it paid the Railways to work them, and (b) That the settlement of the question of introducing a system of proper commercial accounts should be expedited

*etc, made by the Public Accounts Committee which had not been finally July 1930—contd*

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Action taken or proposed to be taken

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The amendment of the railway land rules has been taken up

The recommendation has been accepted

A comprehensive report on the subject was called for from the Agent. The first part of the report dealing with process cost accounting has been received, but the second part relating to direct costing and linking up of accounts is still awaited. A memorandum explaining the position has been circulated to the members of the Committee (*vide Appendix XV*)

As explained to the Public Accounts Committee last year, the general classification of goods, which places all commodities carried by Railways in one of ten classes, and the maxima and minima rates chargeable for each class which are laid down by the Railway Board, are the same for both State managed and Company-managed Railways. The Government of India consider that thereby the object which the Committee had in view in making their recommendation is sufficiently attained.

A form of accounts on the lines recommended by the Committee has been drawn up in consultation with the Director of Railway Audit and the Director of Commercial Audit. Orders will issue shortly for the preparation of the accounts of railway collieries in this\* form.

*Statement showing the action taken or proposed to be taken on recommendations,  
disposed of till*

Serial No	Reference to Appendices to last Report	Year of Report	Paragraph of Report or Proceedings	Recommendations, observations or promises
12		1928-29	14 R	<p align="center"><b>RAILWAYS—contd</b></p> <p>(a) That, in the matter of the presentation of the results of the working of each railway in the form of regular trading and profit and loss accounts and balance sheets, the Railway Department should not be deterred by technical difficulties, and that what is necessary is to make a start from which one could begin making comparisons between the results of one year and another and that, for this purpose, an adequate approximation of the correct results can be arrived at by charging to each railway interest on the basis of the average rate paid on the entire capital</p> <p>(b) (i) That the Railway Department should prepare a simple form of report on the working of the Railways, summarising the reports of Agents, taking out the salient points therein, and bringing out the sort of features which the Chairman of a public Railway Company would call attention to in his speech at the annual meeting of the shareholders  (ii) That such a report might well be supplemented by simplified statistics on the one side and on the other by a note giving simple instructions as to how to interpret, and what points to look for, in Railway statistics</p>
13		1928-29	18 (5) R	<p>(a) That a detailed <i>interim</i> report on the state of work in the Stores Accounts Section of the East Indian Railway dealing, among other things, with the questions and answers which came up last year should be submitted early in February 1931, when they would have a special meeting, if necessary, to consider it</p> <p>(b) That there should be no attempt to introduce experiments with the machine accounting until all the arrear work had been put in order in the particular office</p>

*etc, made by the Public Accounts Committee which had not been finally July 1930—contd.*

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Action taken or proposed to be taken

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(a) An attempt is being made to meet the wishes of the Committee \*

(b) Steps have been taken to have the necessary reports, etc, prepared and these will be submitted to the Committee at its next meeting †

(a) An *ad interim* report on the subject was circulated to the members of the Committee in March 1931, with the intimation that the Chairman did not consider a special meeting necessary. The final report which has since been prepared will be submitted to the Committee at its next meeting ‡

(b) Noted (An experiment is being made in connection with vouchers of transactions which are over two years old)

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\* Balance sheet and Profit and Loss Account of the North Western Railway (Commercial Section) has since been furnished by the Railway Department, *vide* Appendix XVI

† Since supplied by the Railway Department For Note regarding Railway Statistics see Appendix XXV

‡ A Memorandum covering both the *ad interim* and the final report has since been furnished by the Director of Railway Audit, *vide* Appendix XIX.



*Statement showing the action taken or proposed to be taken on recommendations,  
disposed of till*

Serial No	Reference to Appendices to last Report	Year of Report	Paragraph of Report or Proceedings	Recommendations, observations or promises
				<b>RAILWAYS—contd</b>
14		1928-29 .	21 R	That the policy of railway capital construction should be so carefully considered, in consultation with the Finance Department, before the estimates are framed, that the likelihood of any appreciable variations owing to financial reasons may be very much diminished, in other words, that the policy of railway construction should always be co-ordinated with the financial position of Government, so that the need for curtailing expenditure in the middle of the year for financial reasons might not arise
15		1928-29	22 R	That the advisability of having separate grants for the working expenses of Company-managed Railways and State managed Railways might be carefully considered
16		1928-29	23 R	That, as regards the making of allotments to any particular Railway in the course of the year without effecting corresponding reductions elsewhere, discretion might be allowed to the Financial Commissioner of Railways in the case of grants relating to administration, operating expenses and surplus profits to Railway companies, but not in other cases
17		1928-29 .	26 R	<p>(a) That the actual expenditure under each grant should be stated in rupees and not only in thousands of rupees in the Grand Summary of Railway Appropriation Accounts in future,</p> <p>(b) That, as the grants for appropriations to and from the depreciation fund, in practice, cover transactions relating to both commercial and strategic lines, the description in the Schedule of Demands, which indicates that they relate entirely to commercial lines, should be altered, and</p> <p>(c) That, inasmuch as appropriations from the depreciation fund are not credited to revenue, the expenditure against such appropriations should not be described as expenditure from revenue in those documents</p>

*etc., made by the Public Accounts Committee which had not been finally July 1930—contd*

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Action taken or proposed to be taken

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Accepted by the Railway Department

After a careful consideration of the matter the Railway Department have come to the conclusion that there is no possible advantage in having separate grants as suggested

Accepted by the Railway Department

The recommendations have been accepted and given effect to.

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*Statement showing the action taken or proposed to be taken on recommendations,  
disposed of till*

Serial No	Reference to Appendices to last Report	Year of Report	Paragraph of Report or Proceedings	Recommendations, observations or promises
				<i>RAILWAYS—contd</i>
18		1928-29	30	(a) That the expenditure in connection with the drainage channel on the Kadu Lake (Burma Railways) must be held to be expenditure on a new service, and  (b) That individual items in the Demands for Grants presented to the Assembly should not contain a margin for emergent expenditure of this character, and that, as a corollary to this, a specific but reasonable reserve provision might be made therein to meet such expenditure
19	.	1928-29	31 R .	That the remodelling of the East Indian Railway Workshop at Tatanagar was not a new service
20		1928-29	5 P	That the Financial Secretary should be requested to look into the matter of the large concessions obtained by the Military Department from the Railways
21		1928-29	43 P	(a) That the questions, which the Committee appointed to report on the separation of railway from general finances had to deal with, were so important that until the stage of the whole constitutional revision was arrived at the work could not be proceeded with, (b) That the statement of the Director of Railway Audit that the accumulation of nominal balances in the Railway Depreciation and Reserve Funds would almost certainly make it very difficult for the Government of India to honour any large draft upon them could not be accepted that it was the business of the Government of India to see that they were in a position to honour any reasonable draft, and (c) That the provision for a Reserve Fund on the present lines was a safety provision and that there was no justification for taking comparatively favourable years as a basis for reducing rates
22		1928-29	46 P	That, so far as the Committee were concerned, the necessity for debiting the purchase price of the Decauville Railway to railway capital by credit to the Army Department had not been established

*etc, made by the Public Accounts Committee which had not been finally July 1930—contd.*

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Action taken or proposed to be taken

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- (a) The Government of India accept the Committee's view
- (b) The recommendation of the Committee has been accepted and suitable reserve provision for emergent expenditure due to floods and other unforeseen causes has been made under Capital—Open line and Appropriation from Depreciation Fund heads in the budget for 1931-32. It may be mentioned that it was not the practice in the past to make any provision for such expenditure even by providing a margin under individual items in the demands for grants

The Government of India accept the Committee's view

The matter is under consideration \*

Noted by the Railway Department

It has been decided not to re open the transaction

*Statement showing the action taken or proposed to be taken on recommendations, disposed of till*

Serial No	Reference to Appendices to last Report	Year of Report	Paragraph of Report or Proceedings	Recommendations, observations or promises
				RAILWAYS— <i>contd</i>
18		1928-29	30	(a) That the expenditure in connection with the drainage channel on the Kadu Lake (Burma Railways) must be held to be expenditure on a new service, and  (b) That individual items in the Demands for Grants presented to the Assembly should not contain a margin for emergent expenditure of this character, and that, as a corollary to this, a specific but reasonable reserve provision might be made therein to meet such expenditure
19	.	1928 29	31 R	That the remodelling of the East Indian Railway Workshop at Tatanagar was not a new service
20		1928-29	5 P	That the Financial Secretary should be requested to look into the matter of the large concessions obtained by the Military Department from the Railways
21		1928-29	43 P	(a) That the questions, which the Committee appointed to report on the separation of railway from general finances had to deal with, were so important that until the stage of the whole constitutional revision was arrived at the work could not be proceeded with, (b) That the statement of the Director of Railway Audit that the accumulation of nominal balances in the Railway Depreciation and Reserve Funds would almost certainly make it very difficult for the Government of India to honour any large draft upon them could not be accepted that it was the business of the Government of India to see that they were in a position to honour any reasonable draft, and (c) That the provision for a Reserve Fund on the present lines was a safety provision and that there was no justification for taking comparatively favourable years as a basis for reducing rates
22		1928 29	46 P	That, so far as the Committee were concerned, the necessity for debiting the purchase price of the Decauville Railway to railway capital by credit to the Army Department had not been established

*etc, made by the Public Account's Committee which had not been finally July 1930—contd.*

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Action taken or proposed to be taken

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(a) The Government of India accept the Committee's view

(b) The recommendation of the Committee has been accepted and suitable reserve provision for emergent expenditure due to floods and other unforeseen causes has been made under Capital—Open line and Appropriation from Depreciation Fund heads in the budget for 1931-32. It may be mentioned that it was not the practice in the past to make any provision for such expenditure even by providing a margin under individual items in the demands for grants

The Government of India accept the Committee's view

The matter is under consideration \*

Noted by the Railway Department

It has been decided not to re-open the transaction

*Statement showing the action taken or proposed to be taken on recommendations,  
disposed of till*

Serial No	Reference to Appendices to last Report	Year of Report	Paragraph of Report or Proceedings	Recommendations, observations or promises
				<i>RAILWAYS—contd</i>
23		1928-29	49 P	That the table in para 9 (e) (i) of the Auditor General's letter on the Appropriation Accounts of Railways might be made up for some other years as well
24		1928-29	50 P	That the Financial Commissioner, Railways, would go into the question of the high percentage of total objections to total expenditure in 1928-29 with the Director of Railway Audit and see whether they could not arrive at results which would reflect serious irregularities such as those which might involve a loss of money
25		1928-29	51 P	That it would be necessary (a) to watch the effect of the fresh orders issued on the subject of the necessity for the preparation, before commencing construction, of detailed estimates which formed the working documents of the Engineer, and (b) to consider in due course whether the control over the Agents should not be further tightened up
26		1928-29	54 P	That, in the case of overpayment of salaries to the officers of the Technical Departments of Burma Railways, it would have been better if the Company's Chief Auditor had complied with the Government Examiner's request to warn the officers concerned that the pay drawn in excess had been held under objection
27		1928-29	55 P	That, in future Appropriation Accounts, a general explanation of the variations under each sub-head of the grant would be furnished under the summary by major heads and sub heads, in addition to the detailed explanations under each Railway
28		1928-29	56 P	That the Railway Department had made enquiries in the matter of the responsibility of the different individuals for the irregular upkeep of initial records for the unloading of coal and would report the result to the Committee in 1931

*etc., made by the Public Accounts Committee which had not been finally July 1930—contd.*

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Action taken or proposed to be taken

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The wishes of the Committee have been met by the Director of Railway Audit in paragraph 30 of his Report on the Railway Appropriation Accounts for 1929 30

With a view to settle the matter with the Director of Railway Audit, as proposed, the statistics of expenditure placed under objection have been obtained from the various Railway Administrations and the causes of the fluctuations are being investigated

Accepted by the Railway Department

Noted by the Railway Department The remarks of the Committee have been communicated to Railway Administrations

The recommendation has been accepted and effect has been given to it in the Appropriation Accounts of Railways for 1929 30

The result of the enquiry indicated that there was no collusion between the staff of the station and the running shed, that no responsibility in regard to the irregular upkeep of the records could be fixed on the Running Shed Foreman and that the Fuel Clerk in the latter's office, who was subsequently punished with discharge from service, was alone responsible for the irregularity. This view has since been accepted by the Audit authorities who are also satisfied as to the adequacy of the disciplinary action

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*Statement showing the action taken or proposed to be taken on recommendations, disposed of till*

Serial No	Reference to Appendices to last Report	Year of Report	Paragraph of Report or Proceedings	Recommendations, observations or promises
29		1928 29	57 P	<p>RAILWAYS—<i>concl'd</i></p> <p>That the Railway Board, who had approved the contract for a realignment work on the G I P Railway, really left a great deal of latitude for variation in the execution and were therefore to blame rather than the Chief Engineer, and that, at the same time, the representation of the Chief Engineer that there was competent sanction for the work, was not probably correct</p>
30		1928 29	143 P	<p>That, in connection with the expenditure on publicity, it would be interesting if the Committee could get figures showing the percentage of expenditure to gross revenue on Indian as well as on foreign railways and, in particular, the extent of the increase in American and other tourists' travels</p>

*etc., made by the Public Accounts Committee which had not been finally July 1930—concl'd*

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Action taken or proposed to be taken

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Noted by the Railway Department The Committee's remarks in regard to the Chief Engineer have been communicated to the Railway Administration

A memorandum on the subject has been circulated to the members of the Public Accounts Committee (*vide* Appendix VII)

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## APPENDIX II

## Statement comparing expenditure with grants for 1929-30

Number and name of Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	Excess+ Saving —	Net re appropriation, with- drawal or surrender	Remainder unadjusted + or —
PART I—CIVIL					
A—EXPENDITURE CHARGED TO REVENUE					
16 Customs—					
Voted	81,18,000	77,27,888	—3,90,112	—30,200	—3,59,912
<i>Non voted</i>	19,10,847	18,88,724	—22,123		—22,123
17 Taxes on Income—					
Voted	68,79,000	68,25,269	—53,731		—53,731
<i>Non voted</i>	2,16,177	2,09,535	—6,642		—6,642
18 Salt—					
Voted	86,95,000	82,11,265	—4,83,735	—3,57,318	—1,26,387
<i>Non voted</i>	44,95,280	44,93,985	—1,295		—1,295
19 Opium—					
Voted	70,14,000	47,97,346	—22,16,654	—21,31,985	—84,669
<i>Non voted</i>	86,520	83,927	—2,593		—2,593
20 Stamps—					
Voted	23,000	4,001	—18,999	—5,000	—13,999
<i>Non voted</i>		4,697	+4,697		+4,697
21 Forest—					
Voted	8,32,000	7,46,865	—85,135	—64,753	—20,382
<i>Non-voted</i>	2,71,804	2,69,616	—2,188		—2,188
22 Irrigation, Navigation, etc —					
Voted	26,44,000	29,65,754	+3,21,754		+3,21,754
<i>Non voted</i>	14,61,300	14,51,173	—10,127		—10,127
23 Interest on ordinary Debt, and Reduction or Avoid ance of Debt—					
Voted	1,41,77,000	2,20,75,225	+78,98,225	.	+78,98,225
<i>Non voted</i>	8,20,43,000	7,54,44,956	—65,98,044		—65,98,044
24 Interest on Miscellaneous Obligations—					
Voted	43,68,000	43,43,021	—24,979	..	—24,979
<i>Non-voted</i>	6,45,77,766	6,40,04,225	—5,73,541	.	—5,73,541

Number and name of Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	Excess + Saving —	Net re appropriation, withdrawal or surrender	Remainder unadjusted + or —
27 Staff, Household and Allowances of the Governor General—					
Voted	4,20,000	3,83,201	—36,799	—32,903	—3,896
Non voted	10,18,176	10,47,555	+29,379		+29,379
28 Executive Council—					
Voted	66,000	52,397	—13,603	—19,000	—3,603
Non voted	4,85,931	4,84,974	—957		—957
29 Legislative Bodies—					
Voted	8,78,000	7,51,002	—1,23,998	—16,549	—1,07,449
Non voted	1,47,621	1,34,163	—13,458		—13,458
30 Foreign and Political Department—					
Voted	8,79,000	8,68,279	—10,721		—10,721
Non voted	1,90,422	1,87,685	—2,737		—2,737
31 Home Department—					
Voted	6,06,000	5,81,991	—24,009	—25,102	+1,093
Non voted	13,68,545	13,50,493	—18,052		—18,052
32 Public Service Commission—					
Voted	86,000	86,411	+411		+411
Non voted	2,85,900	2,75,496	—9,504		—9,504
33 Legislative Department—					
Voted	3,48,000	3,36,315	—11,685	—8,200	—3,485
Non voted	1,93,000	1,92,641	—359		—359
34 Department of Education, Health and Lands—					
Voted	5,90,000	5,73,368	—11,632	—10,896	—736
Non voted	1,92,009	1,97,955	—1,054		—1,054
35 Finance Department—					
Voted	10,85,000	10,87,973	+2,973	—51	+3,024
Non voted	2,45,877	2,46,634	+757		+757
36 Separation of Accounts from Audit—					
Voted	15,73,000	15,27,543	—45,457	—16,000	—39,457
Non-voted	69,200	68,773	—427		—427

Number and name of Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	Excess + Saving —	Net re appropriation, withdrawal or surrender	Remainder unadjusted + or —
37 Commerce Department—					
Voted	3,15,000	3,00,386	—11,614	—14,548	—66
<i>Non voted</i>	95,951	93,765	—2,186	.	—2,186
38 Army Department—					
Voted	5,35,800	5,34,486	—1,314	..	—1,314
<i>Non voted</i>	94,700	94,420	—280		—280
39 Department of Industries and Labour—					
Voted	4,87,000	4,83,378	—3,622	—1,448	—2,174
<i>Non voted</i>	1,10,326	1,10,488	+162	.	+162
40 Central Board of Revenue—					
Voted	2,00,000	1,97,753	—2,247	.	—2,247
<i>Non-voted</i>	1,25,000	1,25,174	+174	..	+174
41 Payments to Provincial Government, etc —					
Voted	1,33,000	1,29,404	—3,596	..	—3,596
<i>Non voted</i>	1,29,000	1,28,371	—629	..	—629
42 Audit—					
Voted	88,95,000	87,84,108	—1,10,892	..	—1,10,892
<i>Non-voted</i>	6,97,000	6,82,369	—14,631		—14,631
43 Administration of Justice—					
Voted	55,000	55,644	+644	..	+644
44 Police—					
Voted	1,95,000	1,89,955	—5,045	—219	—4,826
<i>Non-voted</i>	3,000	2,634	—366		—366
45 Ports and Pilotage—					
Voted	11,07,000	10,70,264	—36,736	.	—36,736
<i>Non-voted</i>	12,24,550	11,78,221	—46,329	..	—46,329
46 Lighthouses and lightships—					
Voted ..	10,90,000	13,68,423	+2,78,423	—33,400	+3,11,823
<i>Non-voted</i>	18,300	19,411	+1,111	..	+1,111

Number and name of Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	Excess + Saving —	Net re-appropriation, with drawal or surrender	Remainder unadjusted + or —
47 Survey of India—					
Voted	32,95,000	31,95,733	—99,267		—99,267
Non-voted	7,96,000	8,31,298	+35,298		+35,298
48 Meteorology—					
Voted	12,72,000	12,49,167	—22,833	—6,500	—16,333
Non voted	42,000	40,841	—1,159		—1,159
49 Geological Survey—					
Voted	2,52,000	2,22,417	—29,583	—27,220	—2,353
Non voted	3,54,500	3,45,880	—8,620		—8,620
50 Botanical Survey—					
Voted	2,81,000	2,51,636	—29,364	—31,800	+5,436
Non voted	24,800	23,276	—1,524		—1,524
51 Zoological Survey—					
Voted	2,04,000	1,99,634	—4,366	—4,013	—323
Non voted	3,523	3,516	—7		—7
52 Archæology—					
Voted	16,43,000	15,34,413	—1,08,587	—49,117	—59,470
Non-voted	79,000	77,117	—1,883		—1,883
53 Mines—					
Voted	1,63,000	1,61,770	—1,230		—1,230
Non voted	88,640	89,069	+429		+429
54 Other Scientific Departments—					
Voted	5,18,000	5,18,000		.	..
55 Education—					
Voted	8,32,000	8,31,685	—315	—207	—108
Non voted	9,476	12,663	+3,187	.	+3,187
56 Medical Services—					
Voted	8,45,000	7,32,683	—1,12,317	—45,275	—67,042
Non voted	3,14,729	3,19,312	+4,583		+4,583
57 Public Health—					
Voted	13,94,000	13,62,831	—31,169	—15,398	—15,77
Non voted	1,87,254	1,62,972	—24,282		—24,28

Number and name of Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	Excess + Saving —	Net re appropriation, withdrawal or surrender	Remainder unadjusted + or —
58 Agriculture—					
Voted	32,69,000	29,65,503	—3,03,497	—2,26,482	—77,015
<i>Non-voted</i>	2,83,568	2,75,714	—7,854		—7,854
59 Civil Veterinary Services—					
Voted	7,49,000	7,17,323	—31,677	—90	—31,587
<i>Non-voted</i>	69,600	67,716	—1,884		—1,884
60 Industries—					
Voted	2,01,000	1,96,119	—4,881	—880	—4,001
<i>Non-voted</i>	14,950	13,818	—1,132		—1,132
61 Aviation—					
Voted	23,60,000	17,90,679	—5 69,321	—4,71,518	—97,803
<i>Non voted</i>	17,000	16,503	—497		—497
62 Commercial Intelligence and Statistics—					
Voted	3,13,000	2,67,414	—45,586	—32,144	—13,442
<i>Non voted</i>	54,210	53,117	—1,093		—1,093
63 Census—					
Voted	6,000	4,942	—1,058	—750	—308
<i>Non-voted</i>	16,571	16,345	—226		—226
64 Emigration—Internal—					
Voted	37,000	31,146	—5,854	—4,140	—1,714
<i>Non voted</i>	11,910	11,648	—262		—262
65 Emigration—External—					
Voted	2,01,000	1,89,857	—11,143	—7,195	—3,948
<i>Non voted</i>	49,760	50,660	+900		+900
66 Joint Stock Companies—					
Voted	1,35,000	1,24,622	—10,378	—3,011	—7,367
<i>Non-voted</i>	1,000	4,768	+3,768		+3,768
67 Miscellaneous Departments—					
Voted ..	6,14,000	6,00,549	—13,451	—2,928	—10,523
<i>Non-voted</i>	58,346	58,810	+464		+464



Number and name of Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	Excess + Saving —	Net re appropriation, with drawal or surrender	Remainder unadjusted + or —
68 Indian Stores Department—					
Voted	20,35,000	19,50,832	—84,168	—51,200	—3,968
Non voted	45,000	41,678	—322		—322
69 Currency—					
Voted	46,42,000	42,89,918	—3,52,082	—1,99,450	—1,52,632
Non voted	1,35,450	1,28,056	—7,394		—7,394
70 Mint—					
Voted	27,18,000	28,21,746	+1,03,746	.	+1,03,746
Non voted	1,12,250	1,12,810	+590		+590
71 Civil Works—					
Voted	2,63,28,000	2,57,15,649	—6,12,351	—11,31,760	+5,19,409
Non voted	15,38,645	14,23,109	—1,15,536		—1,15,536
72 Superannuation Allowances and Pensions—					
Voted	48,48,000	43,43,713	—5,01,287		—5,01,287
Non voted	2,28,12,638	2,26,31,809	—1,80,829	.	—1,80,829
73 Stationery and Printing—					
Voted	55,57,000	52,86,616	—2,70,384	.	—2,70,384
Non voted	31,776	31,627	—149		—149
74 Miscellaneous—					
Voted	22,19,000	19,89,466	—2,29,534	—1,06,230	—1,23,304
Non voted	42,02,084	41,52,355	—49,729		—49,729
75 Refunds—					
Voted	65,60,000	53,96,906	—11,63,094	—10,65,830	—97,264
Non voted	2,37,47,071	2,23,01,800	—14,45,271	.	—14,45,271
76 North West Frontier Province—					
Voted	1,03,10,900	1,02,34,802	—76,098	—25,000	—51,098
Non-voted	1,31,88,035	1,31,31,544	—56,491		—56,491
77 Baluchistan—					
Voted	29,16,000	28,84,385	—31,615	..	—31,615
Non voted	47,99,000	47,39,675	—59,325	.	—59,325

Number and name of Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	Excess + Saving —	Net re appropriation, with drawal or surrender	Remainder unadjusted + or —
78 Delhi—					
Voted	42,34,000	41,39,964	—94,036		—94,036
Non voted	2,67,100	2,65,808	—1,292		—1,292
79 Ajmer-Merwara—					
Voted	14,79,000	14,61,342	—17,658		—17,658
Non voted	1,05,240	1,01,504	—3,736		—3,736
80 Andamans and Nicobar Islands—					
Voted	45,15,000	44,37,398	—77,602		—77,602
Non-voted	2,05,170	1,97,626	—7,544		—7,544
81 Rajputana—					
Voted	5,43,000	5,44,199	+1,199		+1,199
Non voted	7,77,430	7,81,446	+4,016		+4,016
82 Central India—					
Voted	5,66,000	5,50,535	—15,465	—2,238	—13,227
Non voted	7,12,044	6,98,540	—13,504		—13,504
83 Hyderabad—					
Voted	2,99,000	2,98,444	—556		—556
Non voted	3,18,215	3,24,815	—23,400		—23,400
84 Expenditure in England under the control of the Secretary of State for India—					
Voted	16,45,000	16,17,148	—27,852		—27,852
Non voted	20,35,000	20,05,217	—29,783	..	—29,783
85 Expenditure in England under the control of the High Commissioner for India—					
Voted	52,90,000	50,68,198	—2,21,802	—37,000	—1,84,802
Non voted	41,38,000	41,43,981	+5,981	..	+5,981
Ecclesiastical—					
Non-voted	30,06,150	29,47,789	—58,361	..	—58,361
Political—					
Non-voted	99,24,656	98,81,673	—42,983	..	—42,983

Number and name of Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	Excess + Saving —	Net appropriation, withdrawal or surrender	Remainder unadjusted + or —
Frontier Watch and Ward—					
<i>Non voted</i>	1,47,32,827	1,45,29,629	—2,03,198		—2,03,198
Territorial and Political Pensions—					
<i>Non voted</i>	32,78,911	31,99,092	—79,819		—79,819
Bangalore—					
<i>Non voted</i>	11 11 291	11,23,700	—17,591	.	—17,591
Western India States Agency					
<i>Non voted</i>	16,87,710	17,11 373	+56,603		+56,603
Total { Voted	17,75,82,700	17,72,46,299	—3,36,401	—63,02,008	+59,72,607
<i>Non voted</i>	27,75,11,805	26,78 89,759	—96,22,076		—96,22 076
B—EXPENDITURE CHARGED TO CAPITAL					
86 Capital Outlay on Security Printing—					
Voted	45,000	22,751	—22,246	—22,000	—246
87 Forest Capital Outlay—					
Voted	1,000		—1,000	—9,500	+8,500
88 Irrigation Works—Not charged to Revenue—					
Voted	3,03,000	2,77,907	—25,093		—25 093
<i>Non voted</i>	20,821	21,675	+851	.	+851
91 Capital Outlay on Currency Note Press—					
Voted	71,000	68,632	—5,368	—1,000	—4,368
92 Capital Outlay on Vizagapatam Harbour—					
Voted .	40,00,000	35,72,010	—4,27,990	—1,14,000	—3,13,990
<i>Non voted</i>	3,000	3,008	+8		+8
93 Capital Outlay on Light houses and Lightships					
Voted	8,000	12,821	+4,821	..	+4,821
94 Commuted value of Pensions—					
Voted ..	29,05,000	27,88,815	—1,16,185	..	—1,16,185
<i>Non-voted</i> ..	7,38,000	10,19,868	+2 81,868	.	+2,81,868

Number and name of Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	Excess + Saving —	Net re appropriation, with- drawal or surrender	Remainder unadjusted + or —
95 Delhi Capital Outlay—					
Voted	1,31,58,000	1,32,80,295	+1,22,295		+1,22,295
Non-voted	4,73,350	4,72,019	—1,331		—1,331
Total {	Voted	2,04,94,000	2,00,23,234	—4,70,766	—3,24,266
	Non voted	12,35,174	15,16,570	+2,81,396	+2,81,396
C—DISBURSEMENTS OF LOANS AND ADVANCES					
96 Interest Free Advances	90,25,000	86,04,515	—4,20,455		—4,20,455
97 Loans and Advances bearing Interest	14,92,11,000	15,01,36,936	+8,95,936	—75,000	+9,70,936
Total Voted	15,82,66,000	15,87,41,481	+4,75,481	—75,000	+5,50,481
Total Civil	63,50,89,700	62,54,17,343	—96,72,366	—65,30,508	—31,41,858
Voted	35,63,42,700	35,60,11,011	—3,31,686	—65,30,508	+61,98,322
Non voted	27,87,47,000	26,94,06,329	—93,40,680		—93,40,680

Number and name of Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	Excess + Saving —	Net re appropriation, withdrawal or surrender	Remainder unadjusted + or —
<b>PART II—POSTS AND TELEGRAPHS</b>					
<b>A.—EXPENDITURE CHARGED TO REVENUE</b>					
<b>23 Indian Posts and Tele graphs Department—</b>					
Voted	11,13,29,000	11,31,03,774	+17,74,774		+17,74,774
Non voted	78,81,000	77,68,278	—1,12,722		—1,12,722
<b>24 Indo European Telegraph Department—</b>					
Voted	22,21,000	21,02,768	—1,18,232		—1,18,232
Non-voted	11,79,000	11,99,800	+20,800		+20,800
Total {	Voted	11,35,50,000	11,52,06,512	+16,56,512	+16,56,512
	Non voted	90,60,000	89,68,078	—91,922	—91,922
<b>B—EXPENDITURE CHARGED TO CAPITAL</b>					
<b>89 Capital Outlay on Indian Posts and Telegraphs Department—</b>					
Voted	69,11,000	34,07,853	—35,03,147		—35,03,147
Non voted	7,000		—7,000		—7,000
<b>90 Capital Outlay on Indo European Telegraph Department—</b>					
Voted	*—1,05,000	—1,00,514	+4,486		+4,486
Total {	Voted	68,06,000	33,07,339	—34,98,661	—34,98,661
	Non voted	7,000	—7,000		—7,000
<b>Total Posts and Telegraphs</b>					
	12,94,23,000	12,74,81,959	—19,41,041		—19,41,041
Voted .. ..	12,03,56,000	11,85,13,881	—18,42,119	.	—18,42,119.
Non-voted	90,67,000	89,68,078	—98,922		—98,922

\* The net amount required being a minus quantity, a nominal demand for Rs 1,000 was voted by the Legislative Assembly. The excess does not require the vote of that body as the net expenditure still remains a minus quantity.

Number and name of Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	Excess + Saving —	Net re appropriation, with- drawal or surrender	Remainder unadjusted + or —
<b>PART III —RAILWAYS</b>					
<b>A —EXPENDITURE CHARGED TO REVENUE</b>					
<b>1 Revenue—Railway Board—</b>					
Voted	12,61,000	12,63,196	+2,196	.	+2,196
<i>Non-voted</i>	4,89,000	4,02,267	—86,733	.	—86,733
<b>2 Revenue—Inspection—</b>					
Voted	2,40,000	2,26,716	—13,284	.	—13,284
<i>Non voted</i>	2,46,000	2,44,698	—1,302		—1,302
<b>3 Revenue—Audit—</b>					
Voted	13,50,000	12,32,005	—1,17,395	.	—1,17,395
<i>Non voted</i>	1,59,000	1,35,181	—23,816		—23,816
<b>4 Revenue—Working Ex- penses—Administration—</b>					
Voted	13,50,25,000	13,62,87,820	+12,62,820	.	+12,62,820
<i>Non-voted</i>	43,00,000	41,83,183	—1,16,817	.	—1,16,817
<b>5 Revenue—Repairs and Maintenance and Oper- ation—</b>					
Voted	40,77,85,000	39,99,94,435	—77,90,565	.	—77,90,565
<i>Non voted</i>	1,04,000	1,01,765	—2,235		—2,235
<b>6 Revenue—Companies and Indian States' share of surplus profits and net earnings—</b>					
Voted . . .	1,53,70,000	1,51,97,708	—1,72,292	.	—1,72,292
<b>9 Revenue—Appropriation to Depreciation Fund—</b>					
Voted	12,60,00,000	12,58,97,871	—1,02,129	..	—1,02,129
<b>10 Revenue—Appropriation from Depreciation Fund—</b>					
Voted	11,50,00,000	11,76,18,314	+26,18,314	..	+26,18,314
<b>11 Revenue—Miscellaneous—</b>					
Voted . . .	17,50,000	17,08,677	—41,323	..	—41,323
<i>Non voted</i>	6,50,000	5,87,814	—62,186	..	—62,186
<b>12 Revenue—Appropriation to the Reserve Fund—</b>					
Voted . . .	3,25,73,000	.	—3,25,73,000	..	—3,25,73,000

Number and name of Grant or Appropriation		Final Grant or Appropriation	Actual Expenditure	Excess + Saving —	Net re appropria- tion, with drawal or surrender	Remainder unadjusted + or —
13 Revenue—Appropriation from the Reserve Fund—						
Voted		86,30,000	2,08,21,706	+1,21,91,706		+1,21,91,706
14 Revenue—Strategic Lines						
Voted		1,66,00,000	1,65,56,687	—43,313		—43,313
Non voted		4,00,000	2,87,106	—1,12,894		—1,12,894
State Railway Revenue—In- terest charges—						
1 Interest on Debt—						
Non voted		29,00,60,000	29,09,11,621	+8,51,621	..	+8,51,621
2 Interest on Capital contributed by Companies—						
Non voted		1,36,79,000	1,36,91,043	+15,043	.	+15,043
Total	Voted	86,15,84,000	83,68,05,735	—2,47,78,265		—2,47,78,265
	Non-voted	31,00,87,000	31,05,47,681	+4,60,681		+4,60,681
B —EXPENDITURE CHARGED TO CAPITAL						
7. Capital—New construc- tions—						
Voted		8,14,50,000	6,47,30,984	—1,67,19,016	..	—1,67,19,016
Non voted		3,03,000	3,08,666	+5,666	..	+5,666
8 Capital—Open line works—						
Voted		24,85,57,000	23,37,79,791	—1,47,87,209	.	—1,47,87,209
Non voted		1,65,000	1,70,830	+5,830	.	+5,830
15 Capital—Strategic Lines—						
Voted		47,50,000	27,96,616	—19,53,384		—19,53,384
Non voted		43,000	46,788	+3,788		+3,788
Total	Voted ..	33,47,67,000	30,13,07,391	—3,34,59,609	..	—3,34,59,609
	Non-voted	5,11,000	5,26,284	+15,284	.	+15,284
Total Railways		1,50,69,49,000	1,44,91,87,091	—5,77,61,909		—5,77,61,909
Voted		1,19,63,51,000	1,13,81,13,126	—5,82,37,874	..	—5,82,37,874
Non-voted		31,05,98,000	31,10,73,965	+4,75,965	..	+4,75,965

Number and name of Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	Excess + Saving —	Net re appropriation, with- drawal or surrender	Remainder unadjusted + or —
<b>PART IV — MILITARY</b>					
<b>A — EXPENDITURE CHARGED TO REVENUE</b>					
Army—					
<i>India</i>	39,49,70,000	39,53,95,000	+4,25,000		+4,25,000
<i>England</i>	13,92,21,000	13,88,83,000	—3,38,000		—3,38,000
Marine—					
<i>India</i>	54,53,000	51,97,000	—2,56,000		—2,56,000
<i>England</i>	30,47,000	30,65,000	+18,000		+18,000
Military Engineer Services					
<i>India</i>	4,61,72,000	4,64,77,000	+3,05,000		+3,05,000
<i>England</i>	4,76,000	4,51,000	—25,000		—25,000
Transfers to Military Reserve Fund	14,97,000	13,41,000	—1,56,000		—1,56,000
Total Military—					
<i>Non voted</i>	59,08,36,000	59,08,09,000	—27,000		—27,000
GRAND TOTAL	2,86,22,97,709	2,79,28,95,393	—6,94,02,316	—65,30,508	—6,28,71,808
Voted	1,67,30,49,700	1,61,26,38,021	—6,04,11,679	—65,30,508	—5,38,81,171
Non-voted	1,18,92,48,009	1,18,02,57,372	—89,90,637		—89,90,637





## APPENDIX III.

**Memorandum regarding the sanding of Pans at Nawa, furnished by the Central Board of Revenue with reference to paragraph 55 of the Proceedings of the Public Accounts Committee relating to the Accounts of 1928-29**

In the Appropriation Accounts of the Central Government (civil) 1928-29 (page 76, item No 3), attention was drawn to a saving of Rs 31,383 out of a provision of Rs 32,400 against the head "Sanding of pans at Nawa". This item was discussed at the meeting of the Public Accounts Committee on the 1st July 1930 and the Central Board of Revenue was asked to circulate a memorandum on the subject. Owing to some misunderstanding this was not done before that session of the Committee terminated.

2 In a note, dated the 18th June 1930 in commenting on the Audit Officer's contention that the sanding of pans at Nawa ought not to have been undertaken without first determining whether the same results or better could not be achieved at less cost by removing the silt from the pan beds, the Commissioner, Northern India Salt Revenue, began by referring to a letter written by his predecessor in 1920, and said —

"In paragraph 2 Mr Fergusson said that Mr Bunting's study of Mediterranean practice led him to the conclusion that the first preliminary to any attempt at improvement in output, quality or methods of handling was the obtaining of 'good hard, sandy pan-floors, capable of being dressed, cleaned, effectively emptied of their bitumens and completely scraped of their salt', and in paragraph 4 referring to the Main Line Kjaris, he said 'As the state of their pan floors demanded very early attention it was proposed this year to "clean" them according to old custom, and the time-honoured and expensive work of removing 6 inches of the slushy black mud in order to expose deeper clay of the same kind destined in a year or so to go the same way had already been started when we all became convinced of the utter futility of the whole proceeding and I had the work stopped'. The New Kjar first came into operation in the year 1925. The proposal to sand the Nawa pans was sanctioned in June, 1926. It represented an attempt to follow the principle, which in accordance with the French and Egyptian system had been adopted in laying out the New Kjar, that salt pans should have hard clean beds. So far as I am aware it did not occur to any one responsible that it might be better to clean the beds of the Nawa pans instead of sanding them, and in my opinion it would have been surprising if it had, for this would have involved a reversion to the old system which was condemned in 1920, and *prima facie* it would surely be natural to expect better results, in the production of clean salt, from a pan bed of clean hard sand than from a soft clay bed which had undergone no other improvement than the mere removal of the slushy surface. It was not until towards the end of the year 1927 that doubts began to be entertained as to whether sanding was the best possible means of treating the pans. Certain of the officers at Sambhar began about this time to question whether there were not certain disadvantages in reducing the depths of the pans by means of a layer of sand which in its turn would in time turn into mud. As the result of these doubts, it was decided in November, 1927, that an experiment should be conducted to show the comparative results of sanding and of the removal of salt. The obvious venue for such an experiment was Nawa where 19 pans had been newly sanded, but the experiment could not be conducted during that manufacture season (1927-28), since the newly sanded pans were not ready for manufacture. In the year 1928-29, the experiment had to be postponed for want of funds. It would, in the ordinary course, have been conducted in the year 1929-30 when there was budget provision for sanding, but the floods of July, 1929, inevitably postponed both this and numerous other undertakings which were then in contemplation. In

the meantime the work of sanding the pans at Nawa, sanctioned in June, 1926, had been completed to the extent of 19 pans in November, 1927 (that is to say, only just about the same time as the suggestion was first raised that there were any disadvantages in sanding), and was then stopped in order that salt manufacture, which had been greatly impeded by the dilatory methods of the sanding contractor, might not be held up indefinitely. As the Audit Officer says the work cost Government Rs 25,904. This represented payment at Rs 19 per thousand c ft. The local officers suggest, and I agree, that it is very much to be doubted whether the silt could have been scraped up and removed outside the Dava at less cost than this Rs 19 per thousand c ft was an impossibly low rate for sanding, and I believe it is a fact that the contractor lost money over it.

It is true that a sum of Rs 897 was spent in laying a siding for sanding at Gudha, and that this expenditure proved in the end to be of no immediate advantage owing to the delay experienced in obtaining the necessary points and crossing from the Railway. I am not, however, prepared to admit that this expenditure was a dead loss. We may still wish to sand the pans at Gudha.

I have endeavoured to explain above that in spending Rs 26,000 on the sanding of pans at Nawa the Department acted in accordance with the best advice then at its disposal in attempting to bring its processes, as far as possible, into line with modern practice, and that it was only at about the time when this work was completed that doubts were expressed whether better results could not be achieved by other means. Since that time there has been considerable discussion as to the respective merits of clay and sand. Mr O'Donnell, Assistant General Manager, Sambhar, who has considerable experience of manufacture, considers that sandbeds ordinarily produce whiter salt than clay beds, while clay beds produce larger crystal. Mr McIver, General Manager, appears to agree. As an instance it may be mentioned that during the present season it has been found that the Main Line Kya pans with silted clay beds have produced larger-grained salt than has been yielded by certain sanded pans in the Deodani Kya, on the other hand it is difficult at present to form any very definite conclusion, since new pan beds cannot be expected to be fully productive for a number of years and the New Kya, though it has been in use since 1925, still yields only about 3,000 maunds per acre as against 8 to 10 thousand maunds per acre at Deodani. The majority of manufacture officers at Sambhar seem at present to be in favour of removal of silt rather than sanding. I was at one time inclined to agree with them, but I have come to the conclusion that it would be most unsafe to dogmatize on this subject until the New Kya has got fully into its stride, and until the sanded pans at Nawa have had time to prove themselves. As a tentative and provisional opinion it might be suggested that pans with comparatively hard beds, such as exist at Gudha and Jhapog, can be satisfactorily treated by flushing with weak brine and removal of silt while pans with soft beds should be flushed, cleaned and sanded. We will experiment when we can. At present we are chiefly concerned to extract all the available salt. In the meantime we can truthfully assure the Audit Officer that what we have done has been what appeared at the time in question to be to Government's best advantage."

In a further note, dated 19th September 1930, the Commissioner expressed his entire concurrence in the view that further sanding should not be undertaken until the Department was definitely convinced of its advantages. He proceeded —

"On the other hand, with regard to the removal of silt, it should be noted that there are certain limitations to the usefulness of this process. If silt is removed more than once from a soft pan bed, the result is likely to be that the masonry pitching of the sides of the pan will be undermined and the floor of the pan will be below the level of the masonry sluice. This would mean (1) that the pitching would slide down, and (2) that there would be no outlet for the bitterns.

The whole matter is receiving very careful attention. A good opportunity has been afforded for its detailed examination by the experiment now being conducted in the elimination of neel by means of a filter bed. This experiment is still only in its early stages, as there has been some slight difficulty in procuring the right materials for the filter, but when the arrangements are completed it is proposed to test the filtered brine in (i) a pan from which the top layer of slush has been scraped and the bed has been exposed, thoroughly drained and rolled, (ii) a pan merely flushed with brine, (iii) a pan with a soft clay bed, and (iv) a pan with a sand bed. Of these four pans the two which give the best results will be given further trials, and of these two, that which gives the best final result will be adopted as the standard in future manufacture. Much has still to be learnt from these experiments, for example, I hope that we shall learn from them, supposing that scraped clay pans give the best results, what is the correct depth to which the slush should be removed, or, again should sanding appear to be the most satisfactory method, what depth of sand is required. Until the results of these experiments are known, no expenditure will be incurred on any of the methods of pan treatment mentioned above except in the experimental pans."

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## APPENDIX IV.

Report on the continuance of the Experimental Fruit Farm at Quetta, furnished by the Department of Education, Health and Lands, with reference to paragraph 78 of the Proceedings of the Public Accounts Committee relating to the Accounts of 1928-29.

LETTER FROM THE HON'BLE THE AGENT TO THE GOVERNOR GENERAL IN BALUCHISTAN, TO THE SECRETARY TO THE GOVERNMENT OF INDIA, DEPARTMENT OF EDUCATION, HEALTH AND LANDS, NO 3357/R, DATED THE 9TH JUNE 1931

As requested in your letter No 109-Agr, dated the 21st January 1931, I am directed to forward herewith, in original, a report No 148, dated the 3rd February 1931, from the Agricultural Officer in Baluchistan, giving necessary information on the various points raised in your letter under reply

2 It will be seen from the report that the losses on the farm during the past three years are ascribed to —

- (1) Costly establishment,
- (2) High Irrigation Charges,
- (3) Lack of facilities for marketing farm products, and
- (4) In certain years, to adverse climatic conditions resulting in low yields

3 In connection with (1) above, the Agent to the Governor General desires to observe that, for experiments or demonstration work of any value, it is essential to maintain a well trained and consequently well paid staff, and the Agricultural Officer cannot suggest any reductions in this direction except that the mahs, or gardeners, should be made ineligible for privilege or casual leave. This class of employee is recruited generally from casual labour and if the Agricultural Officer thinks he can conveniently introduce this practice, this Administration has no objection

4 In regard to the high charges for irrigation, the Agricultural Officer explains that owing to the inadequacy of the permanent water supply, additional water has either to be pumped out from an artesian well at considerable expense, or purchased locally at prevailing rates, which in Quetta are high. The Agricultural Officer has, however, promised to economise as far as possible

5 Paragraph 3 of the Agricultural Officer's report indicates the difficulties which attend all efforts to carry on an experimental farm as a commercially profitable investment. Local agriculturists readily adopt improved methods of culture demonstrated on the farm, and by increasing the produce of their holdings lower the price of fruit and garden produce in the local market

6 With regard to the definite programme of demonstration and experimental work which it is proposed to carry out in the future, the Agricultural Officer's report may be supplemented by the details given in the following paragraphs

7 The Farm, as the Government of India are aware, serves a two-fold object, viz (a) Demonstration, and (b) Experimental. It is a Demonstration farm in that it imparts to the local people the knowledge of the experiments so far found successful on the farm, viz —

- (1) the best time and methods of planting, budding and pruning the paying varieties of foreign and indigenous fruit trees,
- (2) up-to date modes of eradicating insect pests by the use of effective spraying materials (a number of demonstrations were given in private gardens during the last two years),

- (3) Ways and means by which the best results may be achieved with the minimum expenditure of water and manure, thus reducing outlay and ensuring increased profit to fruit growers

There being no finality in such matters, the Agricultural Officer proposes a series of further experiments in the above directions which it is hoped may produce useful results

8 The exact amounts realised by the sale of fruits and young plants during the last three years are given in the Agricultural Officer's report. He hopes to make this particular activity pay its way by concentrating it in one section of the garden and keeping separate accounts therefor

9 As to the possibility of the farm being subdivided into two sections, the Agent to the Governor General agrees with the Agricultural Officer that the area is too small to admit of this being done

10 With regard to paragraph 2 of your letter under reply, a reference is invited to paragraph 8 of the Agricultural Officer's report. An additional reason for the discrepancy is that after the Administration Report had gone to the press in July of each year, the Fruit Farm account had to be revised in certain respects at the instance of the Accountant General, Central Revenues

11 In conclusion the Agent to the Governor General expresses the hope that, as already recommended in this Administration letter No 5641/R, dated the 20th September 1930, the Government of India will be pleased to waive the existing condition that the farm should pay its way in normal years. This condition has done much in the past to hamper real progress in the way of experiments and it is now essential that the newly appointed Agricultural Officer should not be deprived of the only farm where he can conduct experiments in various branches of his work. This Administration is emphatically of opinion that the small excess of expenditure over receipts should not be grudged in view of the numerous advantages that the farm indirectly bestows. Figures obtained from the various districts show, that as a result of the stimulus given to fruit culture by demonstrations at the farm, the area under fruit orchards has increased very appreciably, resulting in considerable augmentation of revenue—both current and future. The farm has thus indirectly brought prosperity to many Zamindars and there are instances where lands which formerly yielded only about 200 per annum now yield produce worth Rs 3,000. Information furnished by the Divisional Superintendent, N W R shows that the Maundage of fruit railed from stations north of Quetta (excluding Chaman which mostly handles Kandahar trade) has gone up from 64,229 in 1922 to 1,74,507 in 1929, an expansion which has brought additional revenue to the Railway Department. I am further to observe that the application of scientific principles to crop production can only be undertaken by Government who must continue to act as a pioneering agency and to show the way to improvements. It is hoped, therefore, that the continuance of this Experimental Farm will be sanctioned irrespective of its income. In this connection a reference is invited also to paragraph 134 of the Report of Royal Commission on Agriculture in India

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LETTER FROM THE AGRICULTURAL OFFICER IN BALUCHISTAN, QUETTA, TO THE REVENUE COMMISSIONER IN BALUCHISTAN, QUETTA, No XIII-D/465(27)II, DATED THE 3RD FEBRUARY 1931

*Reference Government of India, Education, Health and Lands Department letter No. 109-Agr, dated the 21st January 1931*

With reference to the above quoted letter I have the honour to submit below my detailed reply —

2 *Causes of losses* —I have gone through the previous papers carefully and find that the following are the chief causes of the losses —

- (a) Costly establishment
- (b) High irrigation charges.

The cost of these two charges comes to more than the income, *e g*, these two charges only amounted to Rs 17,975/10/8, 13,218/8/0, 14,402/0/6 for the years 1927-28, 1928-29, 1929-30, while the incomes for the same years were Rs 13,949/10/7, 10,368/11/0 and Rs 13,075/13/3

3 There are no good marketing facilities for the disposal of Farm products. The fruit portion of the garden is generally sold by public auction. I understand the fruit dealers form rings for purchasing the garden at a cheap price. This matter requires careful study as our object is to sell our produce in the best possible market. I understand that in previous years no dealer cared to come to the Fruit Farm (2 miles from the town) to bid for the garden. Therefore, the staff were obliged to go to the Fruit market in order to sell the garden by public auction. After the establishment of the Experimental Fruit Farm, Quetta, a large number of gardens have come into being in the neighbourhood. The fruit dealers have therefore plenty of gardens to purchase.

4 In some years (*e g*, 1928-29) on account of adverse seasonal conditions the fruit yields were very low.

5 In previous years sometimes the Farm staff have demonstrated improved methods of orchard practices in the gardens at Quetta, but the wages were still debited to the Fruit Farm.

The Experimental Fruit Farm is serving the following purposes —

- (a) Conducting experiments
- (b) Demonstrating improved methods of orchard practices
- (c) Hereafter it will also serve as a training centre for the Zamindars of Baluchistan the majority of whom are now ignorant of improved methods of orchard practices. It is proposed to turn out ten or twelve well-trained gardeners from the Fruit Farm every year. The Fruit Farm, unlike the ordinary Zamindars' gardens, is to be kept neat and tidy. The well-trained costly staff is therefore necessary. One peculiar point that I found on the Fruit Farm is that the regular gardeners' pay is debited to the head "Pay of Establishment", and they are therefore eligible for privilege and casual leave in addition to other holidays. Such things do not exist anywhere else in India. The gardeners that will be employed hereafter will not be eligible for privilege and casual leave. As regards the gardeners that are already having the privilege, I leave the matter to you to decide as you deem fit.

6 *Programme of the demonstration and experimental work* — Demonstration work consists of improved orchard practices, *e g* —

- (1) Inter-cultivation
- (2) Systematic manuring
- (3) Better methods of irrigation
- (4) Pruning
- (5) Spraying
- (6) Budding, etc

Experimental work consists of the following —

- (1) Introduction of new varieties of fruit plants from foreign countries and their test on the Fruit Farm
- (2) Manurial experiments.
- (3) Irrigation experiments
- (4) Experiments with different kinds of spray materials.
- (5) Planting of young plants in different months, *e g*, November, December, January and February



(6) Use of different stocks for budding.

(7) Experiments with different varieties of Pusa wheats

7 Proportion of receipts derived from the sale of fruit and young plants respectively —  
Necessary information is furnished below —

	1927-28	1928 29	1929 30
Fruit	5,977 0 0	713 6 0	3,463 12 6
Young plants	4,926 4 0	3,046 12 0	4,799 10 0

How far the production of young plants for supply to the public can be rendered self-supporting? I think there will be no difficulty in making this business self-supporting

8 Possibilities of dividing the Farm into an experimental and a commercial demonstration section

The total area of the Experimental Fruit Farm, Quetta, is 25 acres, which is comprised of the following —

	Acres
(a) Under roads, buildings, tank, rose-bushes, rows of almond trees, etc , is about	9
(b) Fruit trees and open plots for vegetable growing and wheat experiments is about	14
(c) Nurseries about	2
	<hr/> 25 <hr/>

It will be seen from the above that the area under the fruit trees will be about 12 acres only. This area is too small to be divided into experimental and a commercial demonstration section. The Experimental Fruit Farm may therefore be treated as purely experimental as its name indicates. In this connection I respectfully beg to state that on account of costly establishment no Agricultural Department Farm in India (including Pusa) is self-supporting. The Experimental Fruit Farm, Quetta, is not an exception to the rule, but like others it is also serving a very useful purpose. We require more experimental farms in Baluchistan and therefore it is not advisable to abolish the only one small Experimental Farm that we are having at present in this province.

9 The figures of income and expenditure for the years 1926-27 and 1927-28, as given in the annual Administration Reports of Baluchistan Agency do not tally with those given in the pro-forma accounts because in the latter case the income and expenditure of the fruit portion of the Residency garden, which was temporarily annexed to the Fruit Farm in those years, were also included.

## APPENDIX V.

**Memorandum regarding allocation of ecclesiastical expenditure between the Civil and the Army Departments, furnished by the Commerce Department with reference to paragraph 91 of the Proceedings of the Public Accounts Committee relating to the Accounts of 1928-29.**

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The Public Accounts Committee at their meeting on 31d July 1930 accepted the view expressed by the Commerce Department that an accurate allocation of the ecclesiastical expenditure between the Army and the Civil Estimates is not possible. But they thought that an approximate allocation would be possible and asked that a further report might be made to them on the subject. The question has now been carefully considered by the Commerce Department in consultation with the Army and the Finance Departments and the conclusion arrived at is that even an approximate allocation would be a matter of considerable difficulty. The civil and military aspects of the subject are in most areas so intermixed that an apportionment of the expenditure could only be made in the most arbitrary way. Even to make an arbitrary allocation of this kind, it would be necessary to investigate in considerable detail the circumstances which exist in each of the large number of stations where ecclesiastical ministrations, churches and cemeteries are provided for populations which are partly military and partly civil. An examination of this nature would naturally take a considerable time. It should moreover be remembered that by the time the examination is completed it may probably be of little or no practical value for the following reason. The impending constitutional changes may necessitate a complete review of the administration of this subject particularly in its relation to Army matters and a careful consideration of the exact position which it should occupy in the new system. It is impossible to say at the present moment what the results of such a review will be, but it may lead to such a change in the administration of the subject as will render entirely nugatory the approximate and arbitrary apportionment of expenditure based on the existing system. For these reasons it is urged that at the present juncture it is not worth while to embark on the difficult task of apportionment between the civil and military budgets of the present scale of ecclesiastical expenditure.

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## APPENDIX VI.

**Memorandum in connection with the Accounts of the Persian Gulf Lighting Service Fund, furnished by the Commerce Department with reference to paragraph 92 of the Proceedings of the Public Accounts Committee relating to the Accounts of 1928-29.**

In paragraph 92 of the Proceedings of the Public Accounts Committee on the accounts of 1928-29, the Public Accounts Committee made the following observation in connection with the accounts of the Persian Gulf Lighting Service Fund —

"If the arrangement was intended to be one which put upon the shipping companies the obligation to pay dues to meet the expenses of the services, then interest on the capital ought to be included in the expenses"

2 The position is explained below for the information of the Public Accounts Committee —

Prior to the 1st November 1925, the cost of the service of lighting and buoys in the Persian Gulf, amounting to £30,000 to £40,000 a year, was shared equally by His Majesty's Government and the Government of India. The two Governments had, however, felt for a long time that the owners of the ships which benefited from the lights and buoys should pay a substantial portion, if not the whole, of the cost of the service. Accordingly after prolonged negotiations His Majesty's Government were able, in consultation with the Government of India, to come to an agreement with the shipowners to the following effect from the date mentioned above —

- (i) that light-dues should be levied on vessels entering or leaving Basrah and Abadan .
- (ii) that an annual contribution of £5,000 towards the cost of the Service should be made by His Majesty's Government for a period of 5 years in the first instance from 1st November 1925 ,
- (iii) that charges in respect of capital and depreciation up to the time of the introduction of the new arrangements should be written off and the Service placed on its new footing as a self-supporting service as it then stood .
- (iv) that future capital expenditure should be met out of the proceeds of the light dues

3 It was recognised at the time by both the India Office and the Government of India that interest on the capital assets transferred to the Service should be charged to the Fund. The Foreign Office, however, objected to interest charges on the grounds that no intimation of the intention to make these charges in respect of past capital expenditure had been given in the course of the negotiations with the shipowners and that it was too late to introduce this new feature into the arrangements. That Office further observed that they would not be prepared to support the Government of India in the event of their deciding to contest this point. The question of charging interest on the capital assets was, therefore, not pursued, but adequate provision for the replacement of wasting assets was made by means of a Depreciation Fund supplemented by an Additions and Replacements Reserve Fund.

4 It will be seen from what is stated above that the arrangement that has been arrived at with the shipping companies is intended to meet a special situation and is not such as would put upon them the obligation to pay light dues to meet the entire expenses of the Persian Gulf Lighting Service. Although according to strict principles of commercial accounting interest should be charged on capital, it is not possible to do so in the case of this Service, since the whole arrangement was based on the understanding that no interest would be charged on capital. If the question of interest had been pressed in the negotiations with the shipping companies, there is little doubt that the scheme for the levy of light-dues would not have been introduced at all, and either the Service would have had to be stopped or His Majesty's Government and the Government of India would have had to continue to bear the expenditure of about £30,000 to £40,000 a year on the Service. Further, the arrangement in question is one to which the Government of India are not the only party and it cannot be altered except in agreement with His Majesty's Government. It is, however, clear from the attitude taken by His Majesty's Government in the past that they would not be prepared to agree to the proposal if it were now put forward.

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## APPENDIX VII.

**Memorandum regarding expenditure on Publicity on Indian Railways, furnished by the Railway Department (Railway Board) with reference to paragraph 143 of the Proceedings of the Public Accounts Committee relating to the Accounts of 1928-29.**

In paragraph 143 of the proceedings of the meeting of the Public Accounts Committee on the accounts of 1928-29, printed in Volume I of their Report, the Committee expressed a desire to be furnished with figures showing the percentage of the expenditure on Publicity to gross revenue on Indian as well as on foreign Railways and, in particular, the extent of the increase in American and other tourists travels. The available information on the subject is summarised in the following paragraphs

2 Figures showing the percentage of expenditure on publicity to gross earnings are not generally published by railways and as the total expenditure on publicity is not shown separately, such figures cannot be worked out from the returns of foreign railways available. Certain railway officials, however, have quoted the following figures in lectures or statements. The Assistant to the General Manager, Southern Railway, in charge of Public Relations and Advertising, stated in a lecture that the English Railways spent about one per cent of their gross receipts on advertising. The Chief General Manager of the London and North Eastern Railway stated that his company spent about £1,000 a day, Sundays included, on advertising, and that it was mainly spent on the development of passenger traffic and represented approximately 2½ per cent of their passenger receipts. In a recent issue of the Railway Age it was stated that one of the leading American Railway companies were spending up to eight per cent of their receipts from a special passenger service in advertising that service.

3 The Central Publicity Bureau and Indian Railways who have joined the Bureau spent during 1929-30 approximately Rs 14½ lakhs which is equivalent to about one-sixth of one per cent of their gross earnings. Even if it is assumed that the whole of this expenditure is incurred in connection with passenger traffic this amount only comes to one half of one per cent of the coaching earnings which is low when compared with the expenditure on English Railways. No allowance has been made in making these calculations for the coaching earnings on railways which have not joined the Central Publicity Bureau, although some have benefited from the increase in traffic from overseas, as, for example, the number of Americans who entered India by Bombay and travelled on the South Indian Railway increased from 262 for the period ending 31st March 1929 to 367 for the six months ending 31st March 1930. Other figures are also available showing the total amount spent by various countries on publicity. According to an account which appeared in a recent issue of the "Spectator", the French Government has included in its budget for 1930 the sum of £240,000 for "tourism", the German Government is spending annually £800,000 on propaganda to attract tourists, and Holland, Belgium, Spain, Italy and Yugo Slavia are all supporting intensive advertising campaigns. The 238,391 foreign tourists and visitors on holiday in England during 1929 are estimated to have left behind in cash at least £15,000,000. According to the official statistics of the Dominion of Canada the tourist traffic there was worth £59,800,000 during 1929 and in fact tourists are paying off Canada's national debt.

South Africa gave an initial grant of £25,000 in 1914 towards the cost of conducting a publicity campaign and estimated that if only 2,500 tourists a year were induced to visit South Africa the effort would be well worth a while. As a matter of fact 7,743 overseas tourists visited South Africa during the year ending March 31st, 1929, and together with business visitors the total came to 9,579. The expenditure of the Overseas Advertising Conference during 1929 was £36,000 of which £5,000 was subscribed by Government and £6,000 by public bodies and the remainder by the Railway Administration. Over 400,000 Americans leave America every year and in a memorandum of International Trade published by the League of Nations it was estimated that the *net* receipts of Europe from tourists, chiefly Americans, totalled in 1927 about £62,000,000.

4 India cannot hope to compete in numbers with countries like France who in 1929 had about 220,000 American visitors in addition to about 750,000 visitors from England, but reports received from America and the statements made by American Tourists to this country all show that there is a growing desire in America to visit the Orient, especially India.

5 There are, however, four essential conditions to be fulfilled before Indian Railways can hope to make a profit out of tourist traffic, and they are —

- (1) The present trade depression must disappear, as unless individuals have money to spend they will not travel.
- (2) Political conditions in India must improve or intending tourists will go elsewhere.
- (3) Indian Railways and hotels must give good service.
- (4) An adequate expenditure on publicity must be incurred as a trip to India is an expensive commodity and India is competing with many other nations for her share of the valuable tourist traffic.

Other countries like the United States, Canada and South Africa maintain careful statistics of the tourists and others who enter their countries, but no such figures are maintained by India. Certain figures have, however, been obtained from the Police authorities at Karachi, Bombay, Calcutta and Danushkodi, and these show a regular increase in the total number of Americans, Germans and French who have come into India during the last three cold winters as detailed in the statement below —

For the six months ending —	Americans	Germans	French
31st March 1928	1,774	202	155
31st March 1929	2,799	214	168
31st March 1930	2,875	262	193

The figures for the six months ending 31st March 1930 would have shown a still further improvement if political conditions had been normal, but a number of reports were received of Americans who decided that it was not safe to travel in India and some parties even turned back on reaching Colombo.

6 Reports from outside authorities are always a valuable check on the work done and it is interesting to note what the Special Correspondent of the Railway Gazette of England wrote about Indian Railways Publicity after a visit to this country —

“So far as railway publicity is concerned I think that the Indian State Railways are certainly to be congratulated on the results of their efforts, which now bid fair to equal, if not outstrip, those of other countries where railway publicity has been a feature for many years. The State Railway Publicity Department only came into

being some two years ago, but in that time has co-ordinated the efforts of the various railways and done a great work in helping the rural worker to improve his lot, while, at the same time, keenly advertising the facilities provided by the railways. The demonstration train, the cinema, the gramophone record and other aids are all playing a part in the education of the vast illiterate population of India and there can be little doubt that, in due season, this will redound to the advantage of the railways—India's greatest national industry. The first Indian Railways Publicity Exhibition, held in New Delhi in February last, gave an indication of the work being done and was deservedly a great success."

The Director, Travel Exhibit of the Railway and Locomotive Historical Society of Boston, Mass. United States of America, also wrote that "It is a great pleasure to add a personal word of thanks for the material sent us. It is wonderful and so good that it will be placed on permanent file after close of exhibit."

7. A copy of the Annual Report on the working of the Central Publicity Bureau, Indian State Railways for 1929-30 is appended to this memorandum

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\* Annual Report not printed here





## APPENDIX VIII.

Instructions issued to Railway Authorities in connection with Part II of Mr. P. R. Rau's Report on the control of expenditure and the prevention of irregularities on Indian Railways (*vide* paragraph 4 at page 180 of the Public Accounts Committee's Report for 1928-29, Volume I).

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*Letter from the Railway Department (Railway Board), to the Agents of various Railways, No 1363-B, dated the 26th June 1931*

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I am directed to invite your attention to Part II of Mr Rau's report which deals with the control of expenditure. The Railway Board have carefully considered the recommendations made therein and, subject to the following remarks, agree generally with them. They desire that necessary steps should now be taken by you to give effect to these recommendations as far as possible at an early date.

2 Paragraph 51—The Board desire to impress on railway administrations the desirability of making reappropriations as necessary during the year as recommended in the concluding portion of this paragraph.

They are also in entire agreement with the view that the Chief Accounts Officer of the railway (in which term they include the Chief Auditor in Company-managed lines) should be definitely considered the principal financial adviser of the Agent. While agreeing generally with Mr Rau's views about his functions, they wish to define more clearly his responsibility with regard to the preparation of the budget of the railway administration.

They consider that the Chief Accounts Officer should be responsible for the figures of actuals both in previous years and in the months of the year in which the budget is being prepared for which actuals are available. He should also prepare the revised estimates for submission to the Agent and be responsible for them, obtaining from heads of departments, however, their revised estimates.

He should not, however, be directly responsible for the actual preparation of the budget estimates though he must supply heads of departments, etc, with any accounts figures they may require, as it is for the departments to say what earnings they anticipate and what funds they consider they require for carrying on their work. But both the Chief Accounts Officer and his subordinates, for instance the Divisional Accounts Officers, should assist the departmental heads and other officers with advice fully and freely in preparing their estimates. When any of these departmental officers has got the data ready he should personally discuss with the Accounts Officer concerned what figures to be adopted for his budget estimates, and finally, when all these figures are compiled and are ready for submission to the Agent, the Chief Accounts Officer should discuss with the Agent and the Deputy Agent or other officer, who is generally responsible for the estimates, what figures should be submitted to the Railway Board.

3 Paragraph 52—The Board trust that you will take steps as early as possible to carry out the recommendations in this paragraph and to make a definite officer, preferably the head of the department, responsible for the expenditure under each sub-head of the grant and to make known to him clearly the amount at his disposal for the purpose.

4 Paragraphs 53 to 56—The Board generally agree with these observations and desire that steps should be taken to watch revenue expenditure on the lines of the statement proposed in paragraph 55 (There are two misprints in this paragraph which should be corrected. In columns 4 and 7 the figure '1929' should be substituted for '1930')

5 Paragraphs 57 to 65—The Board generally agree with the observations in these paragraphs and the recommendations made therein. Detailed instructions on this subject will, they hope, be issued shortly.

They recognise that the question of throw-forwards is a difficult one, though they hope that with the procedure they are now adopting for the preparation of the programmes, throw-forwards will cause less trouble in the future than in the past. It may be extremely wasteful to reduce expenditure provided for in one year because of a heavier throw-forward than anticipated at the time of the preparation of the budget. It might mean that a work, or works, which it was intended to finish in that year could not be completed as they should be as rapidly as possible, and the money expended on them would consequently be for a longer period infructuous. Where a throw-forward is, as in many instances, merely due to the fact that bills which are expected to be presented in February or March are not actually presented until after the 1st April, the throw-forward does not in any way mean a larger demand for the two years together than anticipated, and in such circumstances the proper course is for the railway administration to represent the matter as early as possible to the Railway Board so that it can be examined if it is possible to increase the grant for the current year by the amount of the throw-forward or whether the railway administration will have to be asked to reduce the current year's programme. In the latter case the reduction will ordinarily take the form of postponing the expenditure on a work, or works, on which money has not been spent rather than reducing expenditure on works in progress and delaying their completion. As a practical matter this would not, of course, apply to small throw-forwards which can reasonably be expected to be covered by similar throw-forwards to the following year.

6 Paragraph 66—The Railway Board agree that the monthly reports of expenditure on individual works to be submitted to Agents should, unless for particular reasons the administration desires to lay down a lower limit, be confined to individual works costing over 5 lakhs. For the rest, while they agree that it is sufficient to watch only the total expenditure on works costing not more than a lakh each for which a lump sum is provided in the estimates, they consider that works costing more than one lakh and less than 5 lakhs each should be watched by totals under the heads recently introduced in the Pink Books, viz

A Works in progress

- (i) Engineering and structural works
- (ii) Strengthening and renewal of girders
- (iii) Collieries

B Track renewals

C New works

7 Paragraphs 67 to 70—The Railway Board agree that for purposes of control of expenditure, it is more important to watch the total cost of a work and that it is not of much practical use to watch the capital and depreciation fund portions separately. Estimates of the allocation of the cost of a work between capital and depreciation fund which have, for budget purposes, to be framed long beforehand, and on insufficient data, cannot be exact and any deviations from these estimates in the distribution of the cost, so long as the total cost is not exceeded, can only be considered as a technical irregularity. Reappropriations between two demands are not permissible and ordinarily a saving under one demand is by itself no justification for an excess under another. When, however,

two demands are so closely interconnected as these, and the cost of a single work has, in final accounting, to be distributed under the two, it is obviously necessary to consider them together

8 *Paragraph 73*—The Railway Board agree with the recommendations in this paragraph and have decided that from 1932-33 the present sub-heads under demands Nos 4 and 5 should be sub-divided into groups, and that Agents should have no powers of reappropriation between one group and another. They propose to discuss with the Public Accounts Committee the suggestion, with which they agree, that as regards variations between individual sub-heads of the same group, railway administrations should not be called upon to give explanations for purposes of the Appropriation Accounts unless in any individual case the variation is over 25 per cent. The groups proposed are as follows —

*Demand No 4*

- (a) Establishment charges
- (b) Miscellaneous charges

*Demand No 5*

- (a) Repairs and Maintenance
- (b) Operation other than fuel
- (c) Fuel
- (d) Refunds
- (e) Share of worked lines if it continues to be shown under this demand.

9 *Paragraphs 74 to 76*—The question raised in these paragraphs is under consideration in consultation with the Auditor General

10 *Paragraphs 79 to 80*—The Board have decided to postpone for the present a decision on the alterations proposed in these paragraphs



## APPENDIX IX.

Memorandum of doubtful cases of "New Service" appearing in the accounts for 1929-30, furnished by the Auditor General with reference to paragraph 31 of the Report of the Public Accounts Committee on the Accounts of 1927-28.

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*Railway Department (Grant No 11—Revenue—Miscellaneous)*

*Expenditure on traffic surveys—(Great Indian Peninsula Railway) --*

(Reported in paragraph 218 of the Report of the Director of Railway Audit on the Appropriation Accounts of the Railways in India for 1929-30)

During the course of the year the Administration incurred expenditure on eight traffic surveys involving individually in that year charges varying from Rs 1,000 to Rs 14,000

None of these cases was specifically provided for or contemplated in the budget of the year. Three of them had been specifically provided for in recent budgets (although expenditure had been postponed) and had therefore received that measure of sanction from the Legislature, which may be taken as sufficient. In four of the other instances specific provision had been made in recent revised estimates, but it is not suggested that this can be taken as involving then receiving any degree of cognizance from the Legislature.

The expenditure is recorded against sub-head 2, surveys, of grant No 11 (Miscellaneous). The kind of survey ordinarily contemplated in this sub-head is the regular sanctioned preliminary traffic survey preceding the consideration of a Railway Construction Project. Details justifying the sum in the demand were appended to it, but from its nature this sub-head must be of a somewhat elastic nature. Traffic surveys do not commit the Administration to further expenditure, and it is suggested that the undertaking of such a survey, although not contemplated in the budget of the year, need not, unless the expenditure rises, or is thought likely to rise, to a considerable sum which the Public Accounts Committee might specify, be looked upon as a "new service" or a new instrument of service so as to require a specific vote of the Legislature.

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## APPENDIX X.

**Memorandum on the question of making rules for recovery of public claims from the pay and pension of civil officers, furnished by the Finance Department with reference to paragraph 7 of the Proceedings of the Public Accounts Committee relating to the Accounts of 1928-29.**

The Public Accounts Committee in paragraph 43 of their Report on the Accounts of 1923-24 observed that it was not correct to hold that pensions should in all cases be considered sacrosanct and that the fact that an officer had retired between the date of committing an irregularity and the date of its discovery was not by itself a sufficient justification for not taking any disciplinary action at all in the matter. They added that if sums were lost to the State through an officer's irregular action, fraudulent or otherwise, they could see no obvious reason for not considering whether any part of such sums should be recovered from him in spite of his retirement, or whether any disciplinary action in the matter of reducing his pension or otherwise could not be taken against him. With reference to these observations, the Government in their Resolution No D 1089-A, dated the 1st June 1926, stated that the suggestion of the Committee was of great importance and required careful consideration and that orders would be issued separately in due course.

2 In their Report on the Accounts of 1925-26, the Public Accounts Committee raised the question of disciplinary action and recoveries of losses generally. The Government of India dealt with this question in paragraph 21 of their Resolution No D 3546-A, dated the 5th January 1928. They observed that they agreed with the Committee that it might be desirable to consider whether, without laying down any hard and fast rules, some practical formulae could be devised for the guidance of departments and their officers and that the matter would receive careful consideration. A note stating the general principles which should regulate the enforcement of responsibility for losses sustained by Government through fraud or negligence of individuals was prepared and circulated to minor local Governments and other authorities in 1929. In paragraph 6 of that note, it was stated that, under the rules as they stood, a pension once sanctioned could not be reduced or withheld for misconduct committed prior to retirement but that measures to rectify this state of affairs were under separate consideration.

3 The conclusions now reached by the Government of India in consultation with the Public Service Commission are these —

- (1) There is no need to make fresh rules for the recovery of sums due from pay. Such recoveries have as a matter of normal procedure been made by deduction from pay and their legitimacy has never been questioned. Rule 49 (IV) of the Civil Services (Classification, Control and Appeal) Rules confers powers on competent authorities to recover from pay the whole or any part of any pecuniary loss caused by negligence or breach of orders and this Rule provides adequately for such cases as usually occur.
- (2) As regards recoveries from pensions, the constitutional position is that under Section 96-B (3) of the Government of India Act, any rules made with this object can apply only to future recruits to the Services controlled by the Secretary of State and to existing Government servants in the Services controlled by the Governor General in Council, only if the Secretary of State sanctions their application in exercise of his powers under Rule 9 (1) (b) (i) of the Civil



Services (Classification, Control and Appeal) Rules This would involve unequal treatment of two classes of serving officers, whereas the only equitable course open to Government without the amendment of the Act would be to apply such a rule to future recruits in both classes In view of the imminence of far-reaching changes in the constitution, the Government of India are of opinion that the present is not an opportune time for introducing a new rule authorising deductions from pensions on account of the effect it might have on the tranquillity of the Services

4 In the circumstances, the Government of India have decided that the question of making rules for recovery of public claims, etc, from the pay and pension of civil officers should not be proceeded with This decision has been reported to the Secretary of State for India

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## APPENDIX XI.

**Memorandum regarding increase in the audit charges of the Indian Stores Department, furnished by the Auditor General with reference to paragraph 140 of the Proceedings of the Public Accounts Committee relating to the Accounts of 1928-29.**

The Chairman of the Public Accounts Committee at one of its meetings held in July 1930 noticed that there had been a large increase in the cost of audit and accounts establishment of the Indian Stores Department during the year 1928-29 as compared with the previous two years, while there was no corresponding increase in the volume of business transacted by the Department. It was desired, therefore, that the matter should be looked into carefully and that a report furnished next year for the information of the Committee.

The Audit Officer pointed out at the meeting that while the increase in the number of purchase orders during 1928-29 as compared with 1927-28 was not appreciable, being only 1,296, the number of purchase orders placed in 1927-28 and 1928-29 was 19,568 and 20,864 respectively, there was a large increase in the number of bills paid during the same period, the increase being, 9,325, the number of bills paid in 1927-28 and 1928-29 was 43,956 and 53,281 respectively. The matter has been further investigated by the Audit Officer, Indian Stores Department, and this memorandum explains in detail the great disparity between the increase in the number of bills paid by the Audit Officer and the increase in the number of purchase orders placed by the Indian Stores Department.

2 The Audit Officer finds that the number of bills paid during a year bears no mathematical relation to the number of orders placed. Purchase orders are of varying degrees of complexity. There is the simplest and rarest form of purchase order represented by a single bill and there is also the most complex form of purchase order called the "rate and running contract", each contract representing several hundreds of bills. Between these two extremes, there are orders of varying degrees of complexity, *e.g.* (1) purchase orders represented by 2 bills each, which is the normal case and (2) orders represented by three or more bills according to the number of instalments in which stores have to be delivered. The indenter does not usually require his whole demand to be met all at once but often wants it to be spread over a period according to his convenience. The supplying firm, on the other hand, desires to be recouped as soon as each instalment is given. Again, the head of a Department may send a single indent for supplies to be made to different persons scattered within his jurisdiction. In this case the Audit Office receives a separate bill for supplies made to each officer, and no reasonable objection can be taken to this.

3 The main source of difference between the numbers of bills and purchase orders is the extension of the "rate and running contract" system of supplies. While 2,436 bills were paid against "rate or running contracts" in 1927-28, 9,332 were paid against such contracts in 1928-29. This accounts for an increase of 6,896 bills during 1928-29 as compared with 1927-28.

Another source of difference is the increase in the average number of instalments, in which an order is complied with. This accounts for an increase of 1,289 bills during 1928-29 as compared with 1927-28, the number of bills paid during those years being 5,069 and 3,780 respectively.

Thus these two factors account, between them, for an increase of 8,185 bills as against the total increase of 9,325 mentioned in paragraph 1 above. This is sufficient to establish that without any increase in the volume of business passing through the hands of the Department, or even with a decrease therein,

there may be quite a *bona fide* increase in the number of bills to be audited and paid

4 It will be clear that the Audit Office has no control over the number of bills. It cannot regulate the number, and if there is any scope for regulation, the matter rests entirely with the officers of the Indian Stores Department. The Audit Office has to be equipped with the staff necessary for coping with the work of auditing, paying, and accounting for, the bills presented to it.

5 It may be mentioned, for the information of the Committee, that standard rates of outturn have been prescribed for the various classes of work dealt with in the Audit Office, on the result of a time test conducted under the immediate supervision of a senior officer of the department. The Audit Officer is required to furnish in support of his demand for additional establishment detailed statistics of increase under each class of work.

6 The Audit Officer was recently required to explore fully the possibilities of simplification and reduction of work in his office. As a result of an extensive survey conducted by him of every branch of work in his office he has been able to suggest and introduce a few economies the more important of which are enumerated below. These have already realised an annual saving of about Rs 8,000.

- (1) Simplification of the procedure relating to intimation of payments to consignees
- (2) Curtailment of the audit applied in local inspections
- (3) Introduction of standard printed forms for communicating objections relating to contractors' bills and for the disposal of routine correspondence

It has also been decided, on the score of economy, to place on a biennial basis in future the local audit of the offices under the audit control of the Audit Officer. Relaxation of local audit is, however, not always wise and experience may suggest reversion to the present system of annual audit.

7 As a further measure of simplification of work, it has been decided, with the concurrence of the Chief Controller of Stores, that suppliers should in future submit only a single 100 per cent bill in respect of claims amounting to Rs 200 or below. As regards Rate and Running contracts, it has been further decided that the system of payment should as a rule be 100 per cent payment on receipt of stores by the consignee in good order, irrespective of the value of supplies, and that no deviation should be permitted from this arrangement without the specific orders of the Director of Purchase. Though it will be sometime before the Audit Office can reap the full benefits of the new scheme, which will apply only to future contracts, there is no doubt that it will yield a substantial saving, when in full operation.

8 This memorandum has been shown to the Chief Contoller of Stores who as accepted it as explaining the position clearly. An explanatory note recorded by him is appended (Annexure)

## ANNEXURE TO APPENDIX XI

**Indian Stores Department**

Reference — Auditor General's unofficial I No 1106-Admn 1556-30, dated 7th July 1931, regarding Memorandum for the Central Public Accounts Committee relating to increase of work in the office of the Audit Officer, Indian Stores Department

●	●	●	●	●	●	●	●
●	●	●	●	●	●	●	●

2 As regards increase in the number of bills due to the extension of the Rate and Running Contract system, I may explain that a rate contract is a contract for the supply of stores at fixed rates during the period covered by the contract. No quantities are mentioned in the contract, and the contractor is bound to accept any order which may be placed upon him at the rates specified. Favourable quotations are usually obtained for this type of contract because the contractor is assured of regular demands. It also has the advantage of enabling the indenter to obtain his stores as and when required without the delay involved by calling for tenders for each demand. A running contract is a contract for the supply of an approximate quantity of stores at a fixed price during a certain period. The approximate requirements of a number of indentors for the period in question are combined by this Department and the contract provides that any of these indentors may demand his requirements at any time or at specified periods during the currency of the contract either direct from the firm or by indent on this Department. Demands against these contracts are carefully watched and the contracts usually provide for an increase or decrease by 25 per cent of the approximate quantity specified. The great advantage of this type of contract is that it enables the small indenter to obtain the advantage of prices quoted for large quantities.

3 These forms of contracts do away with the necessity for placing specific orders against individual demands. Their introduction, therefore, reduces the number of orders placed only if we take the number of contracts into account but taking each requisition against such contracts as an order, as in fact it should be, the number of orders is rather increased than decreased by the introduction of this system, as requisitions are placed by indenting officers for smaller quantities and lower stocks are maintained than in the case of stores for which no such contracts exist—this being an important feature in favour of such contracts. It will thus be observed that, while, on the one hand, Rate and Running Contracts increase the number of requisitions, and therefore of bills, they reduce the work in the purchase branches of this Department, expedite supplies, reduce the necessity for maintaining stocks by consuming departments and also actually reduce to some extent the number of bills in so far that only single bills are prepared for requisitions against such contracts as against two bills which would in many cases be necessary if specific orders were placed against each requisition. On the whole, therefore, the system of Rate and Running Contracts is not one which increases work.

4 I give below the figures showing the increase in the number of items of stores for which rate and running contracts have been entered into annually during the last six years —

1925-26	60
1926-27	112
1927-28	131
1928-29	237
1929-30	276
1930-31	313

The articles covered by these contracts were previously obtained by placing specific orders against each demand and any increase in the number of requisitions, and therefore of bills covered by these contracts is the result of several indenting officers asking for smaller stocks at a time than before, and several authorities placing their demands with the Department which, but for the existence of such contracts, they would have handled themselves probably at higher prices. The effect of the latter arrangement is not noticeable in the figures of turnover of the Department on account of the general reduction in prices that has taken place.

5 With reference to the remarks in the concluding portion of paragraph 2 of the Memorandum, I may explain that separate bills are necessary for

supplies made to different consignees against an order, as the bills are required to be countersigned by consignees before final payment and it will delay payments if a bill includes items relating to several consignees and has to be passed on from one to the other before submission to the Audit Officer. I may mention in this connection that separate bills are at present required to be prepared under instructions from the Audit Officer, for supplies against each requisition against a rate or running contract. It has been suggested to him that firms may be allowed to include in one bill supplies against more than one requisition from the same consignee relating to the same contract. The proposal is under his consideration and if accepted is likely to reduce the number of bills to some extent.

6 A proposal to advise indenting Departments to obtain petty supplies from firms and to pay for them direct is also under examination, with a view further to reduce the work in this Department and in the Audit Office, but I am yet unable to say if such an arrangement will be acceptable to Indenting Officers.

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## APPENDIX XII.

Instructions regarding agreements with the auctioneers of railway materials, issued by the Railway Department (Railway Board) to the Railway Authorities with reference to paragraph 83 of the Report of the Public Accounts Committee on the Accounts of 1926-27.

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*Letter from the Railway Department (Railway Board) to the Agents of various Railways, No 2326-F./IV, dated the 10th August 1931*

I am directed to say that the Railway Board have carefully considered the views submitted by Railway Administrations in response to their letter No 2326-F /IV, dated the 6th August 1929, on the recommendation of the Public Accounts Committee that formal agreements similar to those in use in the Army Department should be entered into with all auctioneers of railway materials. The Board have come to the conclusion that the execution of such agreements is, wherever possible, desirable for adequately safeguarding railway interests in those cases where railway materials are disposed of by auctions conducted by other than departmental agencies

2 I am accordingly to forward herewith a standard (skeleton) form of agreement (Annexure A), together with a draft of the general conditions of sale (Annexure B) indicating the main principles which, the Railway Board consider, should in general be provided for in such contracts. I am at the same time to make the following observations, and to say that it will be necessary for Railway Administrations to modify and complete the standard form in the light of these observations and in accordance with the requirements of individual cases —

- (i) The Railway Board are advised that it is possible to provide in the conditions of sale that the balance of the purchase price less the earnest money paid to the auctioneers should be handed over to the Railway directly and that the material should be handed over to the purchaser only on production of a receipt from the Treasurer of the Railway or such other official as may be designated for the purpose by the Railway Administration. The Board are of opinion that this procedure is likely to simplify the position considerably, and they desire, therefore, that it should be followed as far as possible
- (ii) Although Clause 4 of the standard form has been made to provide that "the auctioneers shall auction all stores in convenient lots," etc., it will be for Railway Administrations to decide whether the arrangement of lots should not rest with Railway Administrations themselves rather than be left to the auctioneers. It will also be for Railway Administrations to consider whether there should not be a provision in the agreement definitely forbidding the auctioneers to purchase any of the lots themselves or through their agents

(ii) It would seem desirable that a railway officer should be present at important auction sales to supervise them and to withdraw lots from auction if he is convinced that the price offered is not a fair one. It is suggested that this precaution may, with advantage, be provided for in the agreement.

(v) The rate of earnest money referred to in Clause 5 of the standard form should be fixed by each Railway Administration at its discretion. It may be added that the Army Department generally have laid down 10 per cent and the East Indian Railway in a recent contract have adopted 15 per cent.

(vi) The rate of commission to be allowed to the auctioneers (*vide* Clause 8 of the standard form) should be settled by the Railway Administration in each case. The fact that these rates vary so largely at present on different railways—the rates actually ranging between 2 and 10 per cent—would seem to suggest that there will probably be a definite advantage in calling for tenders in such cases. It is suggested, therefore, that tenders should be called for wherever it appears likely that there will be an advantage in doing so.

(vii) The grant of free and unrestricted railway passes to contractors is generally undesirable.

3 I am to request that the general principles indicated above may be adopted with immediate effect, and to add that Railway Administrations will be held responsible for any losses that may arise in the future from the non-observance of these principles.

5 That the Auctioneers shall on the fall of the hammer for each accepted bid collect from the bidder earnest money as specified below as evidence of his good faith, and credit it to the Administration. If the bidder fails to confirm his bid by the payment of earnest money, the bid shall be forthwith cancelled and the lot re-auctioned. Should the Auctioneers finally accept a bid without deposit of earnest money, they shall be liable to pay an equivalent amount to the Administration in the event of the bidder subsequently failing to make payment within the said free time of delivery. The said earnest money shall not be less than per cent of the amount of the bid or one thousand rupees whichever is lower.

6 That when bids are subject to subsequent acceptance by the Controller the Auctioneers shall likewise collect earnest money as specified in Clause 5 and shall communicate to the bidders the decision of the Controller as soon as it is made known to them, and credit the Administration with the earnest money deposited.

7 That the Auctioneers shall within 24 hours of auction sale submit lists showing the bids obtained, one to the Controller, and two to the Chief Accounts Officer, Stores Accounts Section, and within 7 days after the completion of each auction sale or within 7 days after the Controller has made known to the Auctioneers his decision on bids subject to his acceptance, the Auctioneers shall furnish to the Controller all such further information concerning the same and the purchasers as may be required, and shall within 7 days from the date of expiry of the notified free time of delivery of the sold materials or articles, Administration showing the actual weights delivered is in their possession, submit the accounts of such sale separately to the Controller and the Chief Accounts Officer, and shall furnish the Controller with the Chief Accounts Officer's receipt for such proceeds as supplied by the purchaser. If they shall fail to pay in any money in their hands within the specified period, they shall be liable to pay to the Administration interest at the rate of one per cent per mensem from the day following the period within which payment should have been completed.

8 That the Auctioneers shall only be entitled to be paid commission on the gross proceeds of sale, on the sale being completed as specified in Schedule I hereto annexed. But when a reserve price is fixed or when bids are subject to subsequent acceptance by the Controller, the Auctioneers shall not be entitled to commission on lots not sold or not sanctioned to be sold.

Provided that commission as aforesaid shall be payable in the event of re-sale of materials or articles due to any cause whatsoever.

Provided nevertheless that the Auctioneers shall not get any commission where the purchaser fails to complete the sale and the earnest money or any further sum paid by him on account of the price of the goods sold is forfeited under Clauses 5 and 6 hereof or under the conditions of sale mentioned in Clause 2 hereof.

9 That as security for the due fulfilment by them of all their obligations under these presents the Auctioneers shall deposit with the Chief Accounts



Officer of the Administration at \_\_\_\_\_ Rupees \_\_\_\_\_ in cash or in Government Promissory Notes or War Bonds or Post Office Cash Certificates or Fixed Deposit with the Imperial Bank of India or Post Office Savings Bank as mentioned in Schedule II hereto endorsed to the Chief Accounts Officer \_\_\_\_\_  
 \_\_\_\_\_ Railway In the event of non-fulfilment by the Auctioneers of any of their obligations under these presents the Administration shall be entitled to appropriate or cancel the Government Promissory Notes or other securities as above which may be done by notice in writing by the Agent of the Administration addressed to the Auctioneers which notice shall be accepted by the Auctioneers as valid exercise of the power reserved to the Administration under this clause

10 That in the event of the Auctioneers failing to comply with all or any of the several conditions of this Agreement, it shall be lawful for the Administration to recover any loss occasioned thereby, or any balance due upon making up of the accounts of the Auctioneers from the security lodged with the Administration or from any other moneys that may be due or become due by the Administration to the Auctioneers under this Agreement and in the event of these sums being insufficient to cover the said loss or balance due it shall be lawful for the Administration to proceed against them in a Court of Law for the amount remaining due and further it shall be lawful for the Administration to terminate this contract upon giving one month's previous notice in writing of its intention to do so under the hand of the Agent of the Administration to the Auctioneers in manner provided for herein

11 That this Agreement shall be terminable at any time on 3 months previous notice in writing being given by either party hereto to the other The Agent of the Administration shall also be entitled to terminate this Agreement at any time as stipulated in Clause 10 hereof in the event of the Auctioneers not conducting the business entrusted to them to his entire satisfaction or in the event of the Auctioneers being declared insolvent, or of compounding with their creditors In the event of this Agreement being determined otherwise than under Clause 10 hereof the said security deposit of Rs \_\_\_\_\_ shall subject to Clause 9 hereof be returned to the Auctioneers on application in writing for the same to the Controller and on the Agent of the Administration being satisfied that nothing is due from the Auctioneers under this Agreement

12 That notices, letters, or other communications sent by registered post by the Auctioneers to the address of the Agent or such other officers of the Administration as may be concerned hereunder at his office at \_\_\_\_\_ and by the Administration to the address of the Auctioneers at their office at \_\_\_\_\_ shall be deemed sufficient for all purposes under this Agreement

13 That in the event of any difference of opinion as to the construction, etc., of these presents the decision of an arbitrator to be nominated by the Agent of the Administration with the consent of the Auctioneers shall be final and conclusively binding on the Auctioneers on all points of dispute arising out of this contract

IN WITNESS HEREOF the Agent, \_\_\_\_\_ Railway Adminis-  
tration, acting in the premises for and on behalf of the Secretary of State for  
India in Council, and the Auctioneers have hereunto set their respective  
hands  
Signature of the Agent for  
and on behalf of the  
Secretary of State for  
India in Council

Witness

Signature of the Auctioneers.

Witness

\_\_\_\_\_  
Schedule I of Agreement, dated \_\_\_\_\_, with \_\_\_\_\_  
for conducting auction sales

The Auctioneers shall be entitled to be paid commission under Clause 8  
of the Agreement at the following rates on the gross proceeds realised at each  
sale by auction —

Items sold

Rates.

(In figures and words)

\_\_\_\_\_  
Schedule II of Agreement, dated \_\_\_\_\_, with \_\_\_\_\_  
for conducting auction sales  
Particulars of security deposit  
Amount  
Details of security  
Rate of interest  
To whom endorsed

## ANNEXURE B TO APPENDIX XII

*General Conditions of sale by auction of Railway Stores*

1 The highest bidder for each lot shall be the purchaser thereof, and in the event of any dispute arising as to any bidding the lot in respect of which the dispute arises shall be immediately put up for sale again at the last undisputed bidding

Provided that when goods are sold subject to a reserve price no final bid shall be accepted which has not reached that price Provided further that where the sale of any particular lot or lots is subject to acceptance by the Controller of Stores of . no property in the goods shall be deemed to pass unless such acceptance has been received

2 The Auctioneer may, without giving any reason thereof, refuse to accept the bidding of any person or persons

3 The purchaser of each lot shall give in his name and address to the Auctioneer, and shall pay into the hands of the auctioneer per cent of the purchase price as earnest money and in part payment If any purchaser fails to comply with any of these conditions the lot or lots in respect of which such failure is made may, if the auctioneer thinks fit, be put up again and resold If upon such resale a lower price is obtained for any of such lots than was obtained on the first sale the difference in price shall be a debt due from the purchaser in default upon the first sale

4 The balance of the price shall be paid by the purchaser to within . . . days of the sale or of the intimation to him that the Controller has accepted his bid, and a receipt for the amount obtained The goods shall only be removed from the premises on production of this receipt to the Auctioneer or such other officer as may be in charge thereof

5 The goods shall be removed by the purchaser within . . . days of the . . . granting to him a receipt for the balance of the price paid in by the purchaser If the goods are not so removed they shall remain at the purchaser's risk until so removed and the Controller may charge the purchaser ground rent for the site on which the goods are stored Such ground rent, or any other charges as may have been incurred by the Controller shall be recovered from the purchaser before the goods are allowed to be removed Further the Controller may at his discretion order the resale of the goods and forfeit the earnest money, or the price if any, paid by the purchaser

6 No sale shall be invalidated by reason of any defect or faults in any of the lots or on account of any of the lots being incorrectly described, and no compensation shall be paid in respect of any such faults or errors of description.

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## APPENDIX XIII.

Memorandum embodying rules for the maintenance of priced stores lists on Railways, furnished by the Railway Department with reference to paragraph 76 of the Report of the Public Accounts Committee on the Accounts of 1926-27.

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*Circular letter from the Railway Department (Railway Board), to the Agents of various Railways, No 3688-S., dated the 22nd September 1931*

I am directed to say that the Railway Board have decided that on every State-managed Railway an up-to date list should be maintained of all stores in stock, together with their approximate prices

2 The procedure to be followed in regard to the preparation and maintenance of such lists is indicated in the set of rules appended to this letter (Annexure)

3 I am to suggest that the lists should be prepared by the officials responsible for the issue and receipt of materials in the words and in a form suitable for printing. The prices can be filled in by the accounts ledger keepers simultaneously with the compilation of the lists. In view of the fact that the work will be distributed among a considerable number of men, the preparation of the lists should not, in the opinion of the Railway Board, involve any undue strain on the stores department staff and it should be possible to complete the lists within 3 months

4 I am accordingly to request that the attached rules (Annexure) may be brought into force with effect from 1st April 1932.



### ANNEXURE TO APPENDIX XIII

#### RULES FOR THE MAINTENANCE OF PRICED STORES LISTS ON RAILWAYS.

1 On every State managed Railway an up-to date priced stores list should be maintained of all articles in stock, both new and second hand, whether purchased in India or England or manufactured in the railway workshops. The object of such a list is two-fold. It supplies the consuming departments and store-keepers with a list of stores in stock which gives a correct description of each article and thus obviates wrong materials being requisitioned for, prevents more than one requisition being received in respect of the same items of stores owing to there being more than one description in use and avoids requisitions being returned uncomplished in cases where vague or wrong descriptions are given. It also serves as a guide to consuming departments in framing their estimates for works. The object of the list is not, however, to furnish the rates at which stores issued to consuming departments should be valued for the purpose of raising debits against them.

2 Surplus materials held by the store depots should also be included in the lists. Every endeavour should be made to sell these surplus stores by offering them to other Railways and the Indian Stores Department and specially circularising the consuming departments and asking them to use such materials whenever possible as substitutes for standard items. Surplus materials for which there is no demand and which cannot be sold in the manner indicated above should be disposed of to the best advantage of the Railway either by public auction or otherwise under the orders of the Agent.

3 The list should include all items in stock whether standard or non-standard, the latter items being marked with an asterisk and consuming departments being specially requested to indent for them as much as possible as substitutes for standard items.

4 A separate list should be prepared and maintained for each class of stores as approved by the Railway Board.

5 The prices given in the lists should represent only prime cost and should be exclusive of overhead charges.

6 When the new classification of Revenue Expenses now under contemplation is brought into use, the customs, freight and other charges will, except in the case of fuel, be collected together in Abstract H and charged out as a percentage on the value of stores issued.

7 When materials are received at prices which differ from the last issue rates adopted, new average rates should be struck on the price ledgers immediately and subsequent issues priced at these average rates, unless the transactions of receipts during the month are numerous, in which case a single adjustment may be made at the end of the month at the discretion of the Accounts Officer.

8 At the end of the year, the average ledger rates should be compared with the list rates and the latter corrected when necessary. The corrected lists should then be sent to the Controller of Stores for examination of the rates with reference to the current market rates at the time. If as a result of such examination the Controller of Stores alters any rates as given in the lists with reference to market prices or otherwise, such alterations besides being carried out in the lists, should be separately communicated by the Controller of Stores to the Chief Accounts Officer who should alter the average ledger rates accordingly and adjust the difference between the latter rates and those fixed by the Controller of Stores through the Stock Adjustment Account. After the lists have thus been examined and approved by the Controller of Stores, they should be printed and copies supplied to the consuming departments. The revised lists should be issued not later than the 1st June each year.

9 When any items have to be added to or deleted from the lists, the Controller of Stores will issue the necessary correction slips in consultation with the Chief Accounts Officer. Such correction lists should be issued once a month.

10 The rates for scrap materials should be included in a schedule of scrap, which should be approved by the Agent and recorded at the official meeting. These rates should be revised at the end of each half year with reference to the average prices realised at the auctions held during the year and a revised schedule issued with the approval of the Agent.





## APPENDIX XIV.

Note by the Agent to the Governor General, Baluchistan, regarding Police Clothing and Police Equipment Funds in Baluchistan, furnished by the Foreign and Political Department with reference to paragraph 77 of the Proceedings of the Public Accounts Committee relating to the Accounts of 1928-29.

1 The Government of India in their Foreign and Political Department letter No 1417-E, dated the 12th September 1885, sanctioned the constitution of Excluded Local Funds to be styled the Police Funds with the object of effecting interior economy in the force. The general policy of the Government of India then was that no new fund should be created without a clear necessity. They were then specially averse to employing the device of personal Ledger Accounts as the general policy in those days was that nothing should be left outside the general accounts which could, with propriety, be brought within them. Included in this fund were transactions connected with the clothing and equipment of the Force towards which Government contributed at the rate of Rs 10 and Rs 8 per man annually. In 1913, the annual rate of the Clothing Allowance having been found inadequate was raised from Rs. 10 to Rs. 15 per man per annum, but the Equipment Allowance remained at the same level.

2 In 1922, owing to the abnormal rise in the cost of clothing and equipment the Clothing and Equipment Funds disclosed a deficit budget. It therefore, became necessary to approach the Government of India for a special grant of Rs 9,425 for the above funds in order to balance the Budget and also to sanction increased rates of Clothing and Equipment Allowances. The proposal was sanctioned and accordingly the rates of Clothing and Equipment Allowances were raised to Rs 22 and Rs 16, respectively. These rates also were found inadequate and in May 1923 they were further raised to Rs 25 and Rs 20, respectively.

3 Since the above scales were sanctioned the Clothing and Equipment Funds, which were previously insolvent, were brought on to a sound footing.

4 In February 1928, the Accountant General, Central Revenues, took up with the Controller, Civil Accounts, New Delhi, the procedure adopted for the classification of expenditure on Police Clothing in Baluchistan according to which provision was made in the Baluchistan Demand under 26—Police and against this provision money was drawn and credited to the Clothing Fund. He observed that this procedure was against the principles of appropriation audit which required that the grant should be accounted for in detail, subjected to audit and surrendered if unspent. He, therefore, suggested that if the unspent balance was to remain the property of the Clothing Fund, then the money should be provided under a distinct sub head, viz A-3—Grant in-aid. The Government of India sanctioned the proposal of the Accountant General, Central Revenues, and the above sub-head was opened in the Demands for grants for 1929-30 and a Personal deposit account was opened at the treasury in the name of the two Superintendents of Police to be drawn upon according to requirements.

The same procedure was also adopted in the case of Police equipment allowance from the beginning of the current financial year.

5 Statements are attached (Annexures A to D) showing the income and expenditure of both the 'Clothing' and the 'Equipment' Funds of the two Police Districts in Baluchistan from the years 1921-22 to 1928-29, on the accounts of which year the Public Accounts Committee have raised the question of the accumulation of balances. These figures speak for themselves. It will be seen that, while according to the practice existing in the Punjab (which was officially recognised and applied to the Police Force in Baluchistan by the Government of India in their Foreign and Political Department Memorandum,



## ANNEXURE A TO APPENDIX XIV

## Clothing Fund of the Quetta-Peshawar and Sibi police force

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Year.	Opening balance	Receipts				Total.	Expenditure.	Closing balance.
		Annual allowance	Sale proceeds of articles of clothing	Sale proceeds of old and unserviceable articles	Miscellaneous			
	Rs a p.	Rs a p.	Rs a p.	Rs a p.	Rs a p.	Rs a p.	Rs a p.	Rs a p.
1921-22	3,482 1 11	29,505 0 0	1,246 3 1	21 10 0	.	30,772 13 1	25,938 8 6	8,316 6 6
1922-23	8,316 6 6	33,044 0 0	468 15 0	93 12 0	..	33,606 11 0	35,799 8 3	6,123 9 3
1923-24	6,123 9 3	36,250 0 0	679 14 3	908 4 0	.	37,838 2 3	29,839 1 10	14,122 9 8
1924-25	14,122 9 8	38,575 0 0	1,224 1 3	2,012 0 7	0 8 3	41,811 10 1	45,668 2 3	10,266 1 6
1925-26	10,266 1 6	38,466 1 4	1,713 5 3	15 11 1	.	40,195 1 8	24,050 8 10	26,410 10 4
1926-27	26,410 10 4	38,400 0 0	386 4 9	2,799 10 0	0 4 6	41,586 3 3	36,805 15 0	31,190 14 7
1927-28	31,190 14 7	38,225 0 0	342 2 10	25 0 0	..	38,592 2 10	19,001 3 6	50,781 13 11
1928-29	50,781 13 11	.	909 0 4	3,462 8 0	.	4,371 8 4	29,302 13 0	25,850 9 3

(Sd) R B ST JOHN, Lieutenant,  
Under Secretary to the Agent to the Governor General in Baluchistan,

ANNEXURE B TO APPENDIX XIV  
Equipment Fund of the Quetta-Pishin and Sibi police force

Year	Opening balance	Receipts				Total	Expenditure	Closing balance.
		Annual allowance	Sale proceeds of articles of equipment,	Sale proceeds of old and unserviceable articles	Miscellaneous			
	Rs a p	Rs a p	Rs a p	Rs a p	Rs a p	Rs a p	Rs a p	Rs. a p
1921-22	184 0 2	2,752 0 0	3 10 0		.	2,755 10 0	644 10 4	2,294 15 10
1922-23	2,294 15 10	1,504 0 0	6 0 0	20 12 0	.	1,530 12 0	3,729 1 2	96 10 8
1923-24	96 10 8	1,880 0 0	409 13 0	.		2,289 13 0	1,253 8 0	1,132 15 8
1924-25	1,132 15 8	740 0 0	18 8 0	55 8 0	0 8 3	814 8 3	1,430 9 3	516 14 8
1925-26	516 14 8	740 0 0	3 12 0	105 9 0	.	849 5 0	946 1 2	420 2 6
1926-27	420 2 6	740 0 0	..	131 7 0	..	871 7 0	284 13 0	1,006 12 6
1927-28	1,006 12 6	740 0 0	.	16 10 3	..	756 10 3	972 11 6	790 11 3
1928-29	790 11 3	710 0 0		5 4 0		745 4 0	426 13 0	1,109 2 3

(Sd) R B ST JOHN, Lieutenant,  
Under Secretary to the Agent to the Governor-General in Baluchistan.

**ANNEXURE C TO APPENDIX XIV**  
*Clothing Fund of the Zhoi-Loralai police force*

Year.	Opening balance	Annual allowance	Receipts			Total	Expenditure	Closin; balance
			Sale proceeds of articles of clothing	Compensation for damages done to cloth- ing	Compensa- tion for time expired clothing			
	Rs a p	Rs a p	Rs a p	Rs a p	Rs a p	Rs a p	Rs a p	Rs a p
1921-22	19,504 7 2	8,820 0 0	1,520 12 2	2,085 11 4		12,426 7 6	27,392 7 5	4,538 7 3
1922-23	4,538 7 3	12,936 0 0	2,183 5 6	770 8 7		15,889 14 1	16,982 3 0	3,446 2 4
1923-24	3,446 2 4	14,700 0 0	664 6 3	577 8 3		15,941 14 6	8,929 12 0	10,458 4 10
1924-25	10,458 4 10	15,325 0 0	1,523 10 11	236 1 7		17,084 12 6	18,477 9 0	9,065 8 4
1925-26	9,065 8 4	15,325 0 0	3,168 6 4	229 9 11		18,723 0 3	18,130 7 0	9,658 1 7
1926-27	9,658 1 7	15,325 0 0	1,610 6 11	208 8 5		17,143 15 4	22,785 6 0	4,016 10 11
1927-28	4,016 10 11	15,325 0 0	3,185 8 2	460 15 0		18,971 7 2	15,541 5 2	7,446 12 11
1928-29	7,446 12 11	15,325 0 0	1,580 13 10	61 13 10	3,426 2 0	20,393 13 8	13,945 14 11	13,891 11 8

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(Sd) R B ST JOHN, Lieutenant,  
Under Secretary to the Agent to the Governor-General in Baluchistan.

ANNEXURE D TO APPENDIX XIV  
*Equipment Fund of the Zhob-Loralai police force*

Year.	Opening balance.	Annual allowance.	Receipts.			Expenditure	Closing balance.
			Sale proceeds of articles of equipment.	Cost of damage done to equipment	Total		
	Rs a p	Rs. a p	Rs a p	Rs a p.	Rs a p	Rs a p.	Rs a. p.
1921-22	..	712 0 0	97 8 1	38 4 6	847 12 7	560 1 8	--104 2 6
1922-23	..	1,424 0 0	40 5 1	..	1,464 5 1	588 13 0	771 5 7
1923-24	..	1,780 0 0	83 10 3	..	1,863 10 3	1,469 9 0	1,165 6 10
1924-25	..	1,380 0 0	67 13 1	..	1,447 13 1	1,404 0 0	1,119 1 11
1925-26	..	1,380 0 0	122 6 8	..	1,502 6 8	1,166 10 0	1,454 14 7
1926-27	..	1,380 0 0	41 11 6	100 0 0	1,521 11 6	556 8 0	2,420 2 1
1927-28	..	1,380 0 0	106 11 3	..	1,486 11 3	1,392 15 9	2,513 13 7
1928-29	..	1,380 0 0	43 5 2	..	1,423 5 2	1,373 4 11	2,563 13 10

(Sd) R. B. ST JOHN, Lieutenant,  
*Under Secretary to the Agent to the Governor-General in Baluchistan.*

## APPENDIX XV.

Memorandum regarding the working of the new system of shop costing introduced in the Iron Foundry of the Kharagpur Workshops, Bengal Nagpur Railway, furnished by the Railway Department with reference to paragraph 65 of the Report of the Public Accounts Committee on the Accounts of 1927-28.

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The Public Accounts Committee, in their report on the Accounts of 1927-28 desired (*vide* paragraph 65 of the main report and paragraph 150 of the proceedings) to have an instructive report on the working of the new system of shop costing on the Bengal Nagpur Railway together with comparisons of the results under the new system with those obtained in other workshops, if possible, particularly with a view to see how far the defects pointed out by the Accountant General, Railways, in paragraph 13 of Annexure to the Appropriation Report for 1927-28 had been remedied.

2 This Memorandum could not be placed before the Public Accounts Committee last year as, owing to the original reluctance of some of the workmen to accept the new system, there was some delay in introducing the system in the workshops.

3 Certain modifications in the system of shop costing as originally evolved by the Locomotive Works Manager in collaboration with the Production Engineer were found necessary and the final scheme was approved at the end of March 1930.

4 In April 1931, the Administration submitted to the Railway Board a comprehensive report on the working of the Process Costing Scheme in the Iron Foundry of the Kharagpur Workshops after the scheme had been in operation for six months. The Administration also reported that the workmen had reconciled themselves to the new system and had realised that it would not injure them in any way and that the working of the scheme was being carefully watched with a view to introduce small modifications, wherever necessary.

5 An extract from the concluding portion of the report submitted by the Administration is given below —

“As the co-ordination of operators is one of the essential features of the scheme, piece work has been extended as far as possible to quicken output, the operators in the Foundry willingly came forward for piece work, and as a matter of fact clamoured for piece work as soon as they realised the advantages of the scheme which under the old system was objected to on the plea that work could not be cast up daily or that the rates were not remunerative. One of the most important factors which cannot be reduced to actual figures for comparison is the saving in Revenue and interest on Capital caused by increased output and lower costs. Another factor is the increased earning capacity of Rolling Stock effected by quicker outturn in the shops. With the co-ordination of the various operators resulting in the maximum production, greater efficiency, elimination of wastage and reduced costs, and the linking up of the same with a system of Control Accounts and Budgetary Control as detailed in Part II of the Report, the expenditure in the Workshops must of necessity be reduced gradually to a minimum.”

6 Part II of the report, dealing with direct costing and linking up of accounts, is still awaited. The Administration have also been asked to collect,

if possible, the necessary information which will make it possible for the results obtained under the new costing system to be compared with those obtained in other workshops

7 A copy of the comments of the Government Examiner of Accounts on the report, as received from the Director of Railway Audit with his letter No. 193-D [31], dated the 24th August 1931, is given as Annexure to this memorandum. It will be seen that the Government Examiner has practically approved of the new scheme. The suggestions made by him are under the consideration of the Administration.

8 The main defects of the old system and the improvements effected thereto under the new system are shown below —

- (i) No separate account was kept of the metal actually drawn against each work order, or against each mixture used in the castings. Thus semi-steel and cylinder mixtures were shown and included in First Class Mixture, although cylinder mixture is a very high grade metal costing more than twice that of 1st class and semi-steel is also much superior to first class. A prescribed formula was applied for working out the metal used for the various castings irrespective of the mixture used, although the latter varied from day to day with different brands and grades of scrap used. And even the formula applied was different for a cupola man for charging to cupolas and for a foreman for arriving at the metals used.
- (ii) The wastage was taken at an arbitrary rate of 60 lbs per ton for all mixtures instead of being based on actual weight of metal melted less weight of good castings and scrap recovered. About 20 per cent or even more of the metal used remains in the foundry in the shape of risers, runners, ingots, etc., and this scrap is used in succeeding melts or blows. No separate account was kept of these credits for runners, etc., nor for defective castings.

Thus, the calculation of the metal used was based on wrong data, and consequently the values of all outturns which included the quantities of the metal used, were incorrect. Both these defects under (i) and (ii) have now been removed by the maintenance of a Log Book for each cupola, which contains all the particulars necessary to distinguish the items mentioned above. Further, all items which can be debited to specific work orders are debited direct to them and the other items of a general nature are charged to a suspense head and subsequently distributed amongst the specific work orders.

- (iii) The issue of fuel fluctuated, irrespective of the actual consumption, to enable the book balances to be adjusted according to the stock in hand. This has been remedied by the new process under which a separate account of coke, etc., is maintained, which is susceptible of verification with the suppliers' bills and quantities received and with the quantities actually consumed from time to time.
- (iv) Like the metal account, the labour account was also incorrect and arbitrary, for example, when one of the three operations such as moulding was done by piece work, and core-making and fettling by day work, the outturn of the castings was shown against piece work, while the labour for core-making and fettling for the same job was charged off to day work. The whole work of fettling under the new procedure is to be done by piece work and the rate is to be calculated on weight basis. Core-making and the moulding operations are to be identified to the specific work order and charged direct. It has also



been arranged that the Mistries will book the labour employed on each work order and checkers will check them in course of the day. All outturn will be recorded separately by day work and by piece work and a rate arrived at in each case by dividing the total cost by the total weight of the outturn.

This will be done through a work outturn and weighment register which will be kept separately for day work and piece work.

- (v) The general process cost to show the cost of other items of work, *etc.*, other than on metal or labour on specific works, was not correctly kept. Under the new costing system, the account is kept in sufficient details to admit of any error or omission being promptly discovered.

9 Briefly, under the new system the cost of the metal and labour and General charges are each accurately distributed amongst the heads concerned, the outturn under each head is correctly weighed and valued, and the total value under all the different heads is agreed with the actual expenditure as per the General Accounts. Under the old system, the distribution of all the above items was on an incorrect and arbitrary basis, and items of entirely different character and values were pooled together unscientifically.

10 Other reforms have also been introduced by which all unnecessary clerical work and delay in production have been saved, *e.g.*, starting sheets are sent direct to Pattern Stores Mistries instead of through Foreman's Office saving thereby time and labour as well as cost.



## ANNEXURE TO APPENDIX XV.

(Referred to in paragraph 7 of the Memorandum)

*Remarks by the Government Examiner of Accounts on the Comprehensive Report (Part I) on the working of the process costing scheme in the Iron Foundry of the Bengal Nagpur Railway Workshop at Khairagpur*

1 The report deals only with a portion of the Procedure introduced in regard to cost accounting in the Foundry Shop, *i.e.*, Process Cost Accounting. The questions of direct costing and linking up the whole are proposed to be dealt with in Part II which has not yet been prepared.

2 (a) So far as this report is concerned, it may be said that many of the improvements, which have been adopted, may well have been brought into force even under the old system, such as the treatment of work orders and abolition of many unnecessary registers in regard to their recording, weighing of raw materials before charging them, co-ordination of labour.

(b) The portable weighing machine referred to in page 24 of the report has been introduced only a month ago. In the past it was found that by taking approximate weights for the raw materials put in, absurd results, such as the weight of the output being more than the weight of the raw materials used, were obtained.

(c) The reconciliation referred to in page 27 of the report is meaningless as the figure for the weight of good castings is obtained from the output register and the wastage worked out after deducting the weight of good castings and foundry scrap from that of the total weight of the raw materials used.

(d) The weight of the foundry scrap received from each class of mixture is not obtained separately and credit given accordingly. What is done is to ascertain the total weight of the foundry scrap received in a month and distribute the same among the various mixtures according to the weight of the good castings obtained from each. As the weight of the foundry scrap received has no bearing on that of the good castings, the method of distribution is not accurate and it has been suggested to the Railway Administration that the foundry scrap received from each mixture should be ascertained and credit afforded accordingly.

(e) In calculating the overhead charges, the percentage fixed for the entire workshop is taken into account. If, however, it is desired to have more accurate results, a separate percentage, so far as the foundry shop alone is concerned, may be worked out and added. This, of course, will be in addition to the general percentage which will have in this case to be reduced to some extent.

(f) The Stock Accounts referred to in the last sentence on page 38 of the Report have not been introduced and it is proposed not to have them, as they are not necessary.

(g) The system of having separate time-checkers for the Foundry Shop alone has not yet been brought into force.



# APPENDIX XVI.

Balance Sheet and Profit and Loss Account of the North-Western Railway (Commercial Section), furnished by the Railway Department with reference to paragraph 14 of the Report of the Public Accounts Committee on the Accounts of 1928-29.

Balance Sheet of the North Western Railway on 31st March 1930 (Commercial Lines)			
<i>Liabilities</i>	<i>Rs</i>	<i>Assets</i>	<i>Rs</i>
1 Government of India for Capital	1,13,07,99,156	1 Fixed Assets	1,09,17,13,110
Specific Debt	12,59,60,293	2 Floating Assets—	
Non-specific Debt	1,00,48,38,863	(a) Stores	3,46,05,118
2 Sundry Creditors—		(b) Balance in manufacture accounts—	
(a) General Provident Fund	12,53,888	(i) Workshop Manufacture	12,72,155
(b) State Railway Provident Fund	5,91,80,587	(ii) Other Manufacture	26,43,690
(c) Cementary Endowment Fund	187		39,15,845
Total	6,04,34,662	(c) Cash in hand	76,711
(d) Miscellaneous Deposits—		3 Sundry Debtors—	
(i) Security deposit of subordinates	13,283	(a) Advances to Railway employees	1,77,294
(ii) Security deposits of Contractors and others	12,91,756	(b) Other Railways on Traffic Account	54,15,641
(iii) Contribution for work done for private persons and public bodies	1,63,980	(c) Branch Line Companies	28,797
(iv) Unpaid wages	1,28,900	(d) Miscellaneous Advances	28,17,605
(v) Sum due to Contractors	81,449	(e) Sundry deposit with Central Government	54,32,361
(vi) Net earnings of worked lines	17,58,671		1,38,71,698
(vii) Private Companies	1,39,469	4 Saving Bank accounts with Government—	
(viii) Miscellaneous	18,51,853	(a) Depreciation Fund	3,18,37,161
Total		(b) General Provident Fund	12,53,888
(e) Demands Payable	54,32,361	(c) State Railway Provident Fund	5,91,80,587
3, Central Clearing Institution	52,64,787	(d) Cementary Endowment Fund	187
4 Balance due to Central Government for loans to Railway Employees	12,83,403		9,22,71,823
5 Balance of amount in account current with Central Government and other Railways	1,77,294	5. Loss in working the Commercial lines during 1929-30 met from Railway Reserve	1,03,75,356
Depreciation Fund	1,16,00,837		1,24,68,29,661
Total	3,18,37,161	Total	
	1,24,68,29,661		

*Profit and Loss Account of the North Western Railway (Commercial Section) for the year 1929-30*

	Rs		Rs
Gross Receipts	16,28,95,458	1 Working Expenses	11,53,69,663
Other Receipts	46,55,813	2 Refunds and Remissions	6,63,742
Interest on Depreciation Fund balances	12,23,751	3 Payments to worked lines	88,92,706
Loss chargeable to Railway Reserve	1,03,75,356	4 Land and subsidy	28,327
		5 Surveys	1,23,442
Total	17,91,50,378	6 Interest charges on Capital—	
		(a) On specific debt	47,81,766
		(b) On non specific debt including New Delhi Capital Works expenditure	3,91,52,264
		Deduct—Interest on the equivalent at 102 of India 7% stock amounting to £70 £02-10s, purchased with railway sinking fund	50,812
		Total	1,38,83,188
		7 Statutory audit	2,24,505
		8 Government Inspection	53,419
		9 Contribution at 1% on the Capital at charge to General Revenues	99,11,384
		Total	17,91,378

## EXPLANATORY NOTES

## Balance Sheet—N. W. Railway.

## LIABILITIES

*Item 1*—This amount represents the capital at charge of the N W R as shown in the Finance and Revenue Accounts. It is shown as a liability of the N W Railway to the Government of India for the monies spent by the latter in the acquisition of the assets of the N. W. Railway inclusive of the stores in stock and capital expenditure debited to Miscellaneous Advances.

*Item 2*—Represents amount held in deposit on various accounts. The headings are self-explanatory.

*Item 3*—Represents the amount held in deposit pending final adjustment of transactions which pass through the Central Clearing Institution.

*Item 4*—Represents the debt of the railway department to the Central Government on account of loans and advances like the house building advances, motor car advances to railway employees, etc. Corresponding to this there is a *per contra* entry on the asset side under sundry debtors representing amounts due from railway employees on account of such loans and advances.

*Item 5*—Represents the unadjusted balances under remittance account against the N W Railway. This is both in respect of the exchange and remittance account with the civil department and transfer transactions with other railways.

*Item 6*—Represents the net accumulation in respect of the depreciation fund on the N W. Railway.

## ASSETS

*Item 1*—Represents the value of the fixed assets like the permanent-way, rolling stock, station and building, etc. It includes all the charges which have been debited to Capital in the course of construction or purchase of assets including General charges. It represents the amount originally spent in the construction or purchase of the railways without allowance for any depreciation or abandonment of assets without replacement.

*Item 2*—Represents the Capital invested in floating assets.

*Item 2 (a)*—Represents the value of stores in stock after taking into account the suspense heads, purchases, London invoices, Sales, and London Stores.

*Items 2 (b) and (1) & (2)*—Represents the unadjusted balance in the manufacture suspense account.

*Item 2 (c)*—This includes cash both that on Open Line or Revenue account and that on construction on Capital account.

*Item 3*—Represents the amount due from different persons and railways on account of payments made to them or amount recoverable from them.

*Item 4*—Represents the amount due from Government in respect of the various deposit accounts under "Debt".

*Item 5*—Represents the loss in working the commercial sections of the N W Railway during the year 1929-30 which has to be met from railway reserve.

## Profit and Loss Account

The items are self-explanatory. Contribution to General Revenues does not include any portion of the surplus profits, as the N W Railway worked at a loss during the year and as the contribution on the surplus profits is worked out on the results of all railways taken as a whole, on some of which there may be a profit and on other a loss.





## APPENDIX XVII.

**Memorandum, furnished by the Finance Department, regarding the extent to which elaborate accounting has interfered with the executive direction of departments**

In the course of the discussion in the Legislative Assembly on the 7th July 1930, on the motion that the Report of the Public Accounts Committee on the Accounts of 1927-28 be taken into consideration, the attention of Government was drawn to the question whether in the desire for accurate accounting the limits of what was commercially reasonable were exceeded so as actually to interfere with the executive direction of departments. This question had its origin in a suggestion made by the Public Accounts Committee, that met in 1926 to examine the Accounts of 1924-25, to the effect that there was some danger that enthusiasm for regularity in accounting would prove to have been pushed too far at the expense of efficient administration if care was not taken to see, particularly in relation to commercialised departments, that improved systems of accounting did not throw an undue strain on the executive of such departments to the detriment of their proper functions and that the executive were provided with the right sort of financial assistance and advice. The Honourable the Finance Member gave an undertaking, in his speech on the motion referred to, to note the question and have it brought before the next Public Accounts Committee.

2 The Government of India have examined the matter in consultation with the Auditor General. The only instance in which there has been a complaint somewhat of this nature from a commercial department is that of the Northern India Salt Revenue Department. Even in that case, strictly speaking, the ground of complaint by the Central Board of Revenue was not that the commercial system of accounts threw an undue strain on, or interfered with, the executive of the Northern India Salt Revenue Department, but that the accounting procedure introduced by the Director of Commercial Audit through an entirely separate Books Branch of that Department did not accomplish very much more than what was already available to the Department through the simpler and less expensive processes of its own ordinary Accounts Branch. The maintenance of Day Books or Journals and Ledgers by that separate Branch only increased the chances of clerical error owing to the complexity of the system and involved an unnecessary waste of time and clerical labour, while not facilitating audit. On the other hand, the operations of the Branch had very little influence on the administration of the Department in the sense that the executive of the Department could depend for information concerning accounts on the ordinary returns received by the Department from the Audit Officer. The Books Branch was consequently abolished, as also the Journals and the Ledgers. The compilation of the Balance Sheet was retained on condition that it was prepared by the Director of Commercial Audit and that the preparation of it did not impose upon the departmental authorities any obligation to alter, or add to, the existing accounts of the Department. The question of reviving a general ledger and a journal in that Department was reopened by the Director of Commercial Audit at one of the meetings of the Public Accounts Committee held in 1930, since the Director was unable to certify the correctness of the Balance Sheet which was not being prepared from certified books. The Committee suggested further discussion between the Central Board of Revenue, the Auditor General and the Director. The Government of India do not intend to proceed with the proposal in view of financial stringency, as the proposal would necessitate the creation of an appointment of clerk on Rs 120—8—200 per mensem [vide item 11, under 'Civil (Central Board of Revenue)', of Appendix I].

3 The Government of India are not aware of any other instance in which a department has complained that elaborate commercial accounting has interfered with its executive direction.

4 In these circumstances the Government of India consider that no further action is called for.



## APPENDIX XVIII

Proceedings of the first meeting of the Military Accounts Committee held on Monday, the 9th November 1931, at 10-30 A.M.

## PRESENT

The Hon'ble Sir ARTHUR McWATTERS, C I E, I C S, *Chairman*  
Mr G KAULA, C I E, *Member*

Mr J R BLAIR, I C S, Deputy Secretary, Army Department	} <i>Witnesses.</i>
Mr A MACLEOD, I C S, Financial Adviser, Military Finance	
Lieutenant Colonel S G V ELLIS, D S O, I A, Military Accountant General	
Mr H L LIVINGSTONE, Deputy Financial Adviser, Military Finance	

Sir ERNEST BURDON, Kt, C S I, C I E, I C S, Auditor General	} <i>Were also present</i>
Mr A C GUPTA, O B E, Director of Army Audit	
Major-General E F ORTON, C B, Deputy Quarter Master General	
Br I M C POOLE, D S O, Deputy Director, Supply and Transport	
Mr D C CAMPBELL, C A, Director of Commercial Audit	

As the Hon'ble the Finance Member was unable to be present, Sir Arthur McWatters took the chair

2 The Committee agreed with the Auditor General that the narrative survey of the Appropriation Accounts prepared by the Financial Adviser, Military Finance, on the present occasion was a particularly interesting and useful document and decided to recommend that future reports should continue to be prepared in the same form as the report for the year 1929-30

3 The Committee took up the examination of Appendix A to the Appropriation Accounts along with the relevant paragraphs of the Auditor General's letter, dated the 4th June 1931 (Appendix XXXIII)

- (i) *Item 1 of the Appendix*—The Committee were informed that Mr Macdonald's note referred to therein had already been sent to the Finance Department who were considering how far the reforms initiated at Army Headquarters would be applicable for extension to other Departments of Government
- (ii) *Item 2, ibid*—The Committee were informed that the question of the claim of the Air Ministry was part of a bigger question of departmental charges by all departments of the War Office and that there was good reason to believe that when a settlement was arrived at, there would be no demand for arrear payments. The Committee reiterated their desire to be informed of the terms of the final settlement
- (iii) *Item 1, ibid (and paragraph 10 of the Auditor General's letter)*—The Auditor General explained that the question of abolishing the priced ledgers of stores maintained by the Military Accounts Department had been discussed by the Army Retrenchment Sub-committee as a measure of economy, and that certain proposals in this regard had been made by the Military Finance Branch. He promised to circulate to the Committee the file on the subject, which would also deal with the question of including in the stock account stores held on charge by the Royal Air Force, the Royal Indian Marine and the Military Engineer Services and stores held by trading and manufacturing concerns of the Army

As regards the statement of "Losses in stores" in Appendix E of the Appropriation Accounts, it was observed that the item, stores lost in transit, included writes-off of ordnance stores sent for repair and found unfit for repair which did not really represent losses in transit, and that the figure of losses, including as it did book debits in adjustment of wrong classification, was a

gross figure and did not take into account corresponding book credits which appeared on the credit side of the stock account. The Director of Army Audit was requested to note the new explanation for increase in the figure of losses in transit and check it. The Committee further desired that the question whether the statement could not be made more informing in future should be considered by the Financial Adviser. The Committee also decided to take up with the Master General of Ordnance the question whether the losses reported were excessive.

(iv) *Item 5 ibid (and paragraph 11 of the Auditor General's letter)* —The Committee noted that action was being taken to work out a statement showing the normal cost of the various arms of the services and that the Auditor General was satisfied that such a statement would give the Public Accounts Committee all the information they required, provided the strengths of the various units and other component parts of the military forces continued to be given in the printed estimates. The Financial Adviser pointed out that a similar statement prepared at Rome for the British Services was appended to the budget estimates of His Majesty's Government. The Committee decided to recommend to the Public Accounts Committee that they might agree to the same procedure being followed in India.

(v) *Item 7 (i) ibid (and paragraph 7 of the Auditor General's letter)* —It was explained that the separate compilation of the accounts of expenditure on programme measures was impracticable as it was difficult to classify and distribute in the accounts expenditure on stores and personnel as between ordinary and programme measures. A large element of estimating entered into the figures, and it was simpler and less costly to exhibit the special expenditure in a *pro forma* account prepared at headquarters. The Director of Army Audit was examined on the question of current and future audit of the *pro forma* account. He explained that there were special difficulties in auditing old transactions apart from the ordinary difficulty in the classification of stores expenditure as between programme measures and ordinary military expenditure. The Director was, however, satisfied that the *pro forma* account now submitted was substantially correct and that the account could be satisfactorily audited in future. The Committee decided to recommend that in future the Director of Army Audit should continue to carry out a concurrent audit of the expenditure on programme measures.

As regards the Auditor General's suggestion that a broad assurance from some military authority on behalf of His Excellency the Commander-in-Chief should be obtained to the effect that the resources likely to be available for the special programme under the original arrangements would be sufficient to complete the special programme, the Committee recognised that it was important that the Finance Department and the Legislature should know in time if the original estimates were going to be upset. The Deputy Secretary in the Army Department made a note of the suggestion and undertook to ascertain before the next meeting of the Committee how far the military administrative authorities were prepared to give an assurance as suggested by the Auditor General.

(vi) *Item 7 (ii) ibid* —The Committee noted with satisfaction that the Appropriation Accounts now included an examination of the receipt side of the accounts.

(vii) *Item 8 ibid (and paragraph 8 of the Auditor General's letter)* —The Committee came to the conclusion that it should be left to the estimating authorities to adopt whatever methods were proper to ensure closer estimating, provided that correlation was maintained between the India and Home estimating officers to the extent possible. It was also agreed that in future Appropriation Accounts complementary items should, in addition to being shown separately, be also brought together and compared with the total appropriation for India and England.

- (vii) *Item 9 ibid* —The Committee desired that attention be directed to the preparation in future of more accurate estimates relating to Indian units serving in the Colonies by the adoption of a more detailed method of estimating
- (ix) *Item 11 ibid* —The Committee noted that the question of the suitability of long-term contracts, particularly in periods of falling prices, was kept in view by Audit and that no case had yet come to notice in which such contracts had led to unnecessary expenditure. The Auditor General suggested the possibility of including a provision in long-term contracts, for the variation of rates, such as that which obtained in contracts entered into by the Indian Stores Department, which would protect Government against losses in a period of falling prices
- (x) *Item 15 ibid* —The Committee desired to have a report next year on the actual success of the amalgamation of the two pension offices
- (xi) *Item 16 ibid (and paragraph 4 of the Auditor General's letter)* —The Auditor General undertook to examine on behalf of the Committee the *pro forma* account that had been prepared and to report the result of his examination to the Committee at the next available opportunity

‡ The Committee then proceeded to consider the other comments in the Auditor General's letter which had not been considered in connection with the examination of Appendix A above

- (i) *Paragraph 5 of the Auditor General's letter* —The Committee decided to examine the Engineer-in-Chief in regard to the numerous and large variations from the original programme of works and to enquire from him whether it was not possible to define more exactly the scope of the original demand and to conform more closely to the scope of the demand as so defined than the military authorities did at present. The Committee noticed that a small percentage audit of the Military Engineer Services expenditure had brought to light a large number of financial irregularities and desired to ascertain from the Engineer-in-Chief whether he was receiving proper financial guidance from the Military Accounts Department, and whether sufficient steps had been taken to prevent the recurrence of such irregularities
- (ii) *Paragraph 12 ibid* —The Auditor General circulated a memorandum (Annexure A) prepared by the Director of Army Audit showing the results of the joint examination by the latter and the Director of Commercial Audit of the necessity for preparing and publishing "Trading Accounts" of the Army, Ordnance and Clothing Factories and other manufacturing or producing concerns of the Army

5 At this stage the Committee adjourned till 10-30 A.M. on Thursday, the 12th November 1931



**Proceedings of the second meeting of the Military Accounts Committee held on Thursday, the 12th November 1931, at 10-30 A M**

**PRESENT**

As at the first meeting except that

Major-General E F OAKTON, C B, Deputy Quartermaster General, and

Br I M. C POORE, D S O, Deputy Director, Supply and Transport,

did not attend

6. (i) *Paragraph 9 of the Auditor General's letter—Appendix XXIII—(and Memorandum circulated by the Auditor General printed as annexure B to these proceedings)*—The Committee discussed very fully the conclusions reached in paragraph 3 of the Auditor General's Memorandum and also the questions whether in view of those conclusions it was necessary to show in the Military Appropriation Accounts the figures of "Net reappropriation" and "Remaining Excess + Saving—" as in the case of Civil Appropriation Accounts and whether the making of one general reappropriation at the end of the year was at all required. They came to the conclusion that it was for the Public Accounts Committee to decide the two questions referred to. They wished to record the fact that the Auditor General was satisfied with the present system under existing conditions of stabilized budget and centralized control of expenditure.

(ii) *Paragraph 12 ibid (and the Memorandum by the Director of Army Audit on the necessity for preparing and publishing "Trading Accounts" printed as annexure A to these proceedings)*—As regard the questions raised in paragraphs 4 and 5 of the memorandum and the conclusions suggested, the Committee desired that before they could make any specific recommendation, the memorandum should be examined by the Military authorities, the Military Accountant General and the Financial Adviser, Military Finance, and their views communicated to the Committee. The Committee considered that from the point of view of Government and the taxpayer, it was a vital thing to ensure that the actual cost of production was reasonable.

The Committee were informed that one Local Government had, after some experience of delays in the delivery of medical stores ordered direct from Home, decided to resume its previous practice of obtaining the stores from the Medical Store Depot. Another recent case of a Local Government which had intimated that they might resort to open market purchases in future was also brought to the notice of the Committee.

The Committee discussed the reasons why the cost of providing bread in India was, according to the trading accounts for 1929-30, higher than in England. It was pointed out that the cost as worked out in England did not include certain items of overhead and other charges, and that bakeries in England were fewer and more concentrated than in India. It was also suggested that it was necessary to ensure that the higher cost was not due to avoidable wastage or leakage of material, and that there was effective administrative control leading to efficient production. The Committee decided to examine the representative of the Quartermaster-General on the question of control and economical production and desired that the Director of Army Audit should deal more fully next year with the figures of comparative cost of production in India and England, working out the Indian figures of cost on the same basis as in England. The Committee thought it was necessary to ascertain, when the accounts for 1930-31 were published, that, taking Indian figures of cost alone, there was a reduction in the cost of production corresponding more or less to the fall in prices, specially in the ingredient portion of it taken by itself.

(iii) *Paragraph 13 ibid*—The Committee desired to examine the representatives of the Adjutant General, the Quartermaster-General and the Master General of Ordnance in regard to the various classes of financial irregularities with a view to ascertaining whether the military authorities took the same view of the irregular practices as audit and whether sufficient steps had been taken to prevent the recurrence of such irregularities in future.

7. The Committee then proceeded to consider the proposals that had been made by the Financial Adviser for the abolition of Priced Stores Ledgers, which were expected to result in an annual saving of Rs 1½ lakhs. The practice at Home, where priced stores ledgers were not maintained, was explained in this connection. It was stated that in connection with the annual budget estimates presented to Parliament, an attempt is made to relate the

actual cash expenditure on stores required for the Army with the consumption of stocks in respect of certain categories of stores, and that for this purpose an annual valuation of stocks is made at headquarters in these cases alone. The Financial Adviser, Military Finance, proposed that a similar procedure be followed in India also. It was added that in many countries of the world, it was not the practice to maintain priced stores ledgers and that it was partly on this account, and partly on account of falling prices that the Committee of Experts on budgetary questions connected with the Disarmament Conference had recommended to the League of Nations that for the purpose of the budgetary control of armaments each nation should only exhibit cash expenditure during the year. The Financial Adviser was requested to prepare a memorandum on the subject for the Public Accounts Committee in a form which can be easily followed by the Committee and which will be helpful in focussing discussion on the really important issues.

8 With reference to paragraph 3 (v) of the proceedings of the Committee, the Deputy Secretary in the Army Department gave the Committee a statement (Annexure C) from the Deputy Chief of the General Staff regarding the sufficiency of the resources available for the completion of the special programme measures. The Committee, agreeing with the Auditor General, decided to recommend that a statement in a similar form should be obtained every year from the Chief of the General Staff, or his representative, during the currency of the stabilised military budget system.

9 The Committee adjourned till 10 30 A M on Friday, the 13th November 1931

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\* Since prepared, *vide* Annexure D



Proceedings of the third meeting of the Military Accounts Committee held on  
Friday, the 13th November 1931, at 10-30 A M

PRESENT

As at the first meeting except that

- (1) Colonel R JOHNSTON, D S O , O B E , D D P and P , Adjutant General's Branch,
- (2) Major General B R KIRWAN, C B , C M G , Master General of Ordnance,
- (3) Colonel P W L BROKE SMITH, D S O , O B E , Deputy Engineer in-Chief, Works,
- (4) Major-General J E S BRIND, C B , C M G , D S O , Deputy Chief of the General Staff,

were also present

10 The Committee examined the military authorities on certain outstanding points noted in the proceedings of the first meeting and on the question of financial irregularities referred to in paragraph 13 of the Auditor General's letter (Appendix XXXIII)

11 *Paragraph 60 of the report of the Director of Army Audit*—It was explained that the loss resulting from non enforcement of the terms of an agreement with a private firm was due to an error in calculation on the part of military authorities regarding the utilisation of the materials in the factories. The Committee observed that this item of loss had escaped the notice of the Military Accounts Department, and were informed that suitable action will be taken in regard to this failure of audit

It was explained that the next item of loss from Hazara Walnut (Timber) purchased for the manufacture of rifles was due to purchase of the material after a limited trial, and that it was a long time before the unsuitability of the wood was detected. The Committee were informed that in regard to such purchases the recommendations of the forest research authorities were first obtained

As regards the case of Black Scheme Machinery it was stated that the machinery was taken over by the Controller of Factory Accounts without verification as the representatives of His Majesty's Government were in a hurry to leave India. It was only during subsequent examination of the machinery with the vouchers that some items shown in the vouchers were found to be not traceable, and it was later ascertained after investigation that these items had not been received in India and had been lost by enemy action. It appeared to the Committee that there had been some delay in taking up the verification of the machinery delivered to the Controller of Factory Accounts and brought on his books

12 As regards the losses shown in Appendix E of the Appropriation Accounts relating to the stock account of the Army, the Master General of Ordnance confirmed the impression of the Committee that the figures of losses shown in that Appendix were misleading owing to a wrong description of the various items of losses, and agreed that it was desirable that the question of rectifying method of description should be examined by him in consultation with the Military Accounts Department. He added that this loss statement, but not the other parts of the Appendix, was examined by his Branch to see if it threw any light on faulty administration requiring his attention

13 As regards the numerous and large variations from the original programme of works referred to in paragraph 5 of the Auditor General's letter, the Committee were informed that there were certain special factors which accounted for these variations in the year 1929-30. There was a lump provision of 18 lakhs in the Budget of the year for mechanization of units and the details of the schemes in this connection were only decided during the year. Similarly there was a provision of 5 lakhs for mobilization works in regard to which details had not been decided at the time of the Budget. In addition, various reserves were allowed by the Regulations for works whose necessity arose during the year or whose progress it was desired to accelerate, and for minor works. Some amounts were not in the hands of Military Engineer Services but were transferred to them for expenditure during the course of the year. It was stated that the Quartermaster-General was responsible for military works policy and finance though recently, on account of retrenchment

and considerations of financial stringency, the General Staff Branch had become more and more involved in the direction of military works policy. It was added that the Quartermaster General was also responsible for the selection of original works for execution during the year, and for the inclusion of the necessary provision therefor in the Budget, and that any large changes could not be made without consulting the General Staff. The Committee were informed that, while previously no definite programme of military works was approved before the Budget, it has now been arranged to obtain and include in the Budget definite approved programmes. The Committee after full discussion agreed with the Auditor General that, under a normal system of control of public expenditure, it would be necessary for the military authorities to define more exactly the scope of the original demand than they do at present, and to conform in their expenditure more closely to the scope of the demand as so defined. The military authorities also accepted this position and agreed to follow the procedure in future, for which arrangements had already been put in train.

14 The Committee went through the various items in paragraph 99 of the report of the Director of Army Audit and were furnished with additional explanations by the military authorities in certain cases. The Committee observed that the Military Finance Branch allowed in practice provision to be entered for works before proper estimates were prepared or checked financially. But they realised there were special military reasons justifying this practice.

15 The attention of the Committee was drawn to the fact that at present a general review of the progress of works expenditure during the year was given only in the report of the Director of Army Audit based on his test audit, and that in England a statement was appended to the Appropriation Accounts of the Accounting officer giving such general review. The Committee decided to recommend that the Financial Adviser should in future include in his Appropriation Accounts a review on the lines now given by the Director of Army Audit based on his cent per cent audit of expenditure.

16 The Committee went through the various cases of financial irregularities, referred to in paragraph 13 of the Auditor General's letter, with the military authorities. They were assured that the military authorities looked on such irregularities with special disfavour and that sufficient steps had been taken in all cases to prevent a recurrence of such practices.

17 As several cases of over-payments due to adoption of incorrect rates of exchange had been brought to light in the course of test audit, the Committee agreed with the Auditor General that it was desirable that the Military Accounts Department should make arrangements for having some kind of special check for review of pension payment orders at the time when the payments were changed from one currency to another. As pension payments had now been concentrated in one office, the Committee thought that the Department could usefully direct attention to this matter.

18 As regards the irregularities in the administration of Auxiliary and Territorial Forces, the Committee were informed that disciplinary action had been taken in all cases reported, and that arrangements had been made to prevent a recurrence of such irregularities in future. The instructions that had been issued by the Military Accountant General in this connection were considered sufficient by the Director of Army Audit. The Committee, however, desired that the Director of Army Audit should continue to exercise a special check on the expenditure during the current year and make a report at the next available opportunity whether the action taken had the desired effect.

19 In connection with losses due to defective contract, it was explained to the Committee that the Quartermaster General's Branch had now gone thoroughly into the form of contracts in consultation with the Government Solicitor and that the matter had been placed on a satisfactory footing.

20 Dealing with the irregularities in the Military Engineer Services expenditure the Committee were informed that the Military Accountant General was considering the question of taking over the responsibility for the collection of rents of buildings, and desired to suggest that he might usefully study in this connection the procedure now followed in Delhi in regard to the division of responsibility between the Public Works Department and the Accountant General, Central Revenues, in the matter of recovery of rents on Government buildings. The Committee were assured that sufficient assistance was derived by the Military Engineer Services from the Military Accounts Department, and that closer association and better co operation were expected in future.

21 The Committee discussed the general question whether it was not desirable that the Financial Adviser should include in his Appropriation Accounts important cases or classes of cases of financial irregularities discovered in the course of internal audit conducted by the Military Accounts Department and decided to recommend that the matter should be examined by the Auditor General and the Financial Adviser

22 The Quartermaster General was examined on the comparative cost of production of bread in India and England. In addition to the reasons already stated to the Committee, he pointed out that the ingredients used in India were different from those used in England, and that probably accounted for some difference in cost

23 *Paragraph 14 of the Auditor General's letter* —The Committee were informed that the settlement of the question of bringing of civilians in military employ under the Civil Service Regulations was not being deferred pending the revision of Chapter XXXVIII of the C S R as stated by the Director of Army Audit in paragraph 37 of his report, but that the matter was being proceeded with and that a reference was being made to the Secretary of State on the subject

24 *Paragraph 15 ibid* —The Committee were informed that the matter was under the active consideration of His Majesty's Government

25 *Paragraph 16 ibid* —The Committee were informed that the final step in settling these war claims by moving a resolution in Parliament had not yet been taken

26 The Committee decided to endorse the suggestion of the Auditor General that as the Committee on Public Accounts can give special attention only to important matters in the Appropriation Accounts, all authorities directly controlling grants should study, carefully and in detail, those portions of the Appropriation Accounts which relate to the grants they control, and the connected comments and suggestions of the Financial Adviser and the Director of Army Audit, and should apply the lessons of Appropriation Accounts to their future administration of public funds

27. The Committee then adjourned.



## ANNEXURE A TO APPENDIX XVIII.

Memorandum from the Director of Army Audit showing the results of Joint examination by him and the Director of Commercial Audit of the necessity for preparing and publishing "Trading Accounts" of certain Military concerns

The question as to the necessity for preparing and publishing "Trading Accounts" of the Army, Ordnance, and Clothing Factories and other manufacturing or producing concerns of the Army has lately been engaging the attention of the Public Accounts Committee, the Auditor General, and the authorities at Army Headquarters and with a view to arriving at a definite decision a joint examination has been carried out by the Director of Commercial Audit and myself, *vide* paragraph 5 (b) (vi) of the Auditor General's letter, dated the 4th June 1930, forwarding the Appropriation Accounts for 1928-29 and paragraph 12 of his letter, dated 4th June 1931, forwarding the Appropriation Accounts for 1929-30 (Appendix XXXIII)

2 *Nature and Origin*—Before dealing with the points of reference of the enquiry and the results of the latter, I may briefly indicate the nature of the Army manufacturing or producing concerns and the origin of the "trading accounts"

As the Army has to be clothed, fed, and equipped, and its health has to be safeguarded, Government runs the following concerns in order to manufacture, produce (and sometimes to purchase) the articles required—

- (1) Ordnance and clothing Factories (10 in all—see Appendix G of Appropriation Accounts)
- (2) Bakeries
- (3) Butcheries (there are only 3 which are in Waziristan, in other places contractors deliver meat at contract prices).
- (4) Grass Farms
- (5) Dairy Farms
- (6) Medical Stores Depots.

Trading accounts were introduced for all these concerns in 1927-28 at the instance of the Director of Army Audit, with the concurrence of the Auditor General, and it was agreed that these accounts should be published in the Appropriation Accounts. The published accounts were, however, defective in many ways, and since then efforts have been made to improve them and certain improvements have already been carried out, *e.g.*, in 1928-29 explanatory foot-notes were added showing the cause of profit or loss, the total quantity produced and average cost of production, while in 1929-30 certain improvements in the form of the accounts have been made at the suggestion of the Director of Commercial Audit

3 *Improvements made*—In dealing with the Trading Accounts for 1928-29 the Public Accounts Committee in paragraph 15 of their Proceedings noted as follows —

"We note the improvement which has already been made in the trading accounts on the Military side. In view of the facts that most of the produce of the manufacturing establishments is used in the Army itself, and that such establishments are distributed over a large area, whether any useful purpose is served by the consolidation of accounts relating to a particular class of establishments. The important point is to determine the cost of production in each case. We propose to await the result of a joint examination of the question by the Director of Army Audit and the Director of Commercial Audit, which the Auditor General has promised to arrange".

The promised enquiry has been completed

4 *Objects of Enquiry* —The objects of the enquiry are stated by the Auditor General to be as follows (*vide* paragraph 12 of his letter, dated the 4th June 1931, forwarding the Appropriation Accounts and Audit Report for 1929-30) —

- (a) whether the trading accounts are in all cases prepared in accordance with the correct principles of commercial accounting,
- (b) whether the audit at present carried out by the Director of Army Audit conforms similarly to the principles of commercial audit, and
- (c) whether in all cases the maintenance of such trading accounts is necessary.

To the above might be added the question raised by the Public Accounts Committee (*vide* paragraph 3 above), *i.e.*, whether any useful purpose is served by the consolidation of the accounts relating to a particular class of concern

5 *Annual Review* —Another question that has been separately raised is whether a review of the working of the manufacturing concerns (based on audited figures) should be attached to the Appropriation Accounts so as to give the Public Accounts Committee an idea of the general results (*vide* Finance Department Office Memorandum No D/1360-F, dated the 26th February 1930, and paragraph 12 of Finance Department Resolution No D/1200-B, dated the 13th June 1930). With reference to this question the Auditor General has in paragraph 12 of his letter, dated the 4th June 1931 (forwarding the Appropriation Accounts), expressed the view that so long as trading or manufacturing accounts continue to be maintained, they should appear in the Appropriation Accounts and should be accompanied by some brief explanatory review. He has also expressed the hope that the Military Accounts Committee will accept this view

6 *Necessity for Trading Accounts* —The first question to settle, therefore, is whether trading accounts should be prepared for all or any of the Army "commercial" concerns. In discussing this question a distinction must be made between —

- (a) trading accounts proper which exhibit a profit or loss resulting from the difference between (1) the total expenses of production, direct or indirect, and (2) the value of the articles issued or in stock, and
- (b) commercial accounts prepared merely to ascertain the cost of production

The only difference between a production account and a trading account proper is that the latter shows on the credit side the amount of actual or *pro forma* receipts on account of issues of articles and the value of opening and closing balances of stock

7 *Production Accounts* —The necessity for a production account is apparent for it seems essential that the administrative authorities as well as the tax-payer should know whether the articles required for the Army are being produced economically or extravagantly. As regards trading accounts, showing a profit or loss, however, the position is different, for such an account is only necessary if any question of true profit or loss due to actual sales on payment or supplies to other Governments or departments is involved as distinct from a paper profit or loss based on *pro forma* adjustments between the manufacturing concerns on the one hand and the Army, Royal Air Force, Military Engineer services, or Marine Department on the other. Such *pro forma* adjustment if made on a rate different to the actual cost of production of the year would show a *pro forma* profit or loss but this would only mean that the *pro forma* debit to the Army, Royal Air Force, etc., is too high or too low. With correct debits based on the year's cost of production, there would be no profit or loss

8 *Conclusions* —The Director of Commercial Audit has expressed the following views on the general question of maintenance of trading accounts —

*Bakeries* —The Director of Commercial Audit considers the preparation of "accounts in commercial form" necessary to ascertain cost of production

*Butcheries* —

Do

do

*Grass Farms* —

Do

do

*Dairy Farms* —The Director of Commercial Audit thinks that the trading accounts should be kept to ascertain the "trading results of the year"

*Medical Store Depots and workshops* —Trading accounts should be kept to ascertain the "true working results of the year"

9 The above recommendations should be examined with due regard to the distinction between trading accounts and production accounts explained in paragraph 6 above

- (a) *Bakeries* —In 1929-30 bakeries sold on payment bread to the value of Rs 79,238 out of a total issue to the extent of Rs. 19,33,288, i.e., sales amounted to 4% of total issues. The loss of Rs 2,23,357 shown in the account is stated in footnote 2 to the account due mainly to the fact that the credit for bread issued to the Army, Royal Air Force and Military Engineer Services was valued not at the actual production rate of the year but on the cost of production of the last six months of 1928. The major portion of the loss is, therefore, *pro forma*. Part of the loss is, however, due to the rate for payment issues also having been fixed beforehand. It can, however, be arranged that so far as value of free issues is concerned the trading account should take credit for the value at the production rates of the year. The only profit or loss that would then remain would be a small amount due to payment issues the rate for which must be fixed at the beginning of a year or at shorter intervals. By taking the rates of raw material at the beginning of the current year and the average cost of labour and other charges of the previous year, it should be possible to make the profit or loss very small.
- (b) *Butcheries* —These have no payment issues and the profit of Rs 15,568 in the account for 1929-30 is a *pro forma* one due to the same reason as in the case of Bakeries.
- (c) *Grass Farms* —During 1929-30 Grass Farms sold on payment fodder to the value of Rs 16,711 as against the total issue to the extent of Rs 66,87,246 or 9%. The free issue rate for fodder supplied to the Army is fixed at the end of the year on an all India basis based on the actual cost of production and purchase. The payment issue rate is, however, fixed separately for each farm at the beginning of the year on the estimated cost of production. No profit or loss, therefore, accrues in the case of free issues, but some true profit or loss is bound to occur in the case of payment issues due to the difference between actual cost and the payment issue rate fixed at the beginning of the year. In addition to this true profit or loss, however, a paper profit or loss also accrues owing to the fact that while the cost of free issues and of the balance of fodder is shown in the consolidated account at an all India average rate, the payment issue rates of different farms vary considerably, e.g., annas 0-11-0 at Fyzabad to Rs 2-6-0 at Quetta. Thus, if more issues on payment are made from the expensive farms than from the cheap ones the average rate of sale would be higher than the all India average cost of production, and there would be a profit, while in the reverse case there would be a loss. This fictitious result can be avoided if the consolidated trading accounts are a real consolidation of accounts of different farms and if the value of the issues, both payment and free as well as of the balances shown in the consolidated account represent the total value of issues and balances of all the farms at their individual rates instead of at an average rate. If trading accounts are to be kept for Grass Farms this should be done.
- (d) *Dairy Farms* —These farms sell more than 80 per cent of their produce to voluntary customers and the profit of Rs 1,00,834 in 1929-30 is, therefore, mostly a true profit.
- (e) *Medical Store Depots* —There are 5 of these and two (at Bombay and Madras) have workshops attached. The accounts of the latter are incorporated in those of their parent depots. The depots supply medical stores and drugs free to the Army, and on a book debit to the Royal Air Force, Military Engineer Services and Marine. They also sell on payment to Civil Government departments and institutions and to local bodies. The values of supply to non-military departments and institutions are about double of those to military institutions who do not pay for them. About 2/3rds of profit of Rs 84,705 in 1929-30 would therefore have been a true profit, if the accounts had been correct.

10 From the above facts we may conclude —

- (a) That trading accounts should be kept for *dairy farms* and medical store depots whose sales on payment are appreciable and exceed the free issues
- (b) That trading accounts are not absolutely necessary for *bakeries and grass farms* as their sales are negligible. Since, however, some true profit or loss does actually occur in the case of both these concerns and since the preparation of trading accounts from the production account involves merely the calculation of the values of the quantities (which are known) of articles (a) issued and (b) held in stock at the beginning and close of the year, it would perhaps be advisable to continue to prepare trading accounts for these two concerns. There would be no appreciable saving of work if production accounts only were prepared instead of trading accounts, while on the other hand the latter would give an idea of the value of the articles produced, issued, and in stock, and also whether the payment issue rates are too high or too low
- (c) As regards *butcheries* no production or trading accounts appear necessary as the business merely consists of buying the required number of animals and slaughtering them after a certain period of feeding up. Besides, as these butcheries are in Waziristan, there is no question of any comparison with market rate

11 Where trading accounts are kept, they should be published and the cost of production should be shown in the foot notes. If production accounts only are kept in certain cases, these should also be audited and published in order to give all concerned an opportunity of criticism and comparison with market rates

12 *Consolidation* —In my opinion the accounts of each class of concern should be consolidated as it would be difficult to obtain a general or correct idea of the working of these concerns if individual accounts only are published. All the concerns of one kind must, I think, be treated as one concern and the whole of the Army as a single customer who will only buy from the concern if the latter undertakes to supply its needs at all the military centres. I may say, however, that the cost of production of each individual concern is watched by the administrative authorities

13 *Correct preparation of trading accounts* —The Auditor General raised two points—*vide* paragraph 4 *ante*—

- (a) whether trading accounts are prepared correctly,
- (b) whether the audit carried out by the Director of Army Audit conforms to the principles of commercial audit

As regards (a) I have already dealt with certain errors in the case of bakeries and grass farms. There are also several errors in the case of medical store depots, which will be rectified. The most important of these are—

- (i) wrong pricing of stores purchased and manufactured,
- (ii) non inclusion of railway freight in the case of depots which have to buy their stores at another place

As regards (b) the audit procedure followed by us differs very little from that followed by the Director of Commercial Audit. There are small differences which will be enquired into shortly

14 *Ordnance and Clothing Factories* —I come now to the question of Ordnance and Clothing Factories, which are not in my audit at present, but in that of the Director of Commercial Audit. The value of payment issues of services rendered on payment in 1929-1930 by all the factories together was Rs 1,31,000 as against free issues to the value of Rs 2,62,14,000. Hence *prima facie* it does not seem necessary to keep trading accounts, but production accounts only. Owing, however, to the very large number of ordnance articles, the publication of production accounts, showing the cost of each article, is impracticable and it would be better to keep trading accounts which would show the total cost of manufacture and the total value of stores issued and in stock. If the stores are valued at Priced Vocabulary rates the net result of the year will also show whether these



rates are too high or too low. The greater part of the profits or losses shown in the trading accounts for 1929-30 were paper profits or losses only due to the fact that credit was taken in the trading accounts at Priced Vocabulary rates for stores issued to the Army instead of at the actual cost of production.

15 It should be explained that ordnance and clothing factories, unlike the other manufacturing concerns of the Army, do not make direct issues to consuming units and formations, but that the stores are first sent to arsenals and depots, from which they are issued when required. In view of the thousands of different kinds of ordnance stores it would not be practicable for arsenals and depots to account for the stores at actual cost instead of P V rates as done at present. It is a point for consideration, however, whether the factories should, for purpose of their trading accounts, value their stores at cost of manufacture or purchase.

## ANNEXURE B TO APPENDIX XVIII.

**Memorandum from the Auditor General regarding procedure for re-appropriation of funds in the Army Department**

*Reference—Paragraph 9 of Auditor General's letter No T-281-Rep/531, dated the 11th June 1931, forwarding the Appropriation Accounts of the Army, etc., Services for 1929-30, and the Report of the Director of Army Audit thereon (Appendix XXXIII)*

At the meetings of the Military Accounts Committee of 1930, the Auditor General promised to examine the reasons for not adhering to the normal procedure relating to re appropriation in certain cases in the Army Department. The entire procedure was investigated in consultation with the Director of Army Audit and the Financial Adviser, Military Finance. During the investigation the issues were clarified and the decision reached by the Auditor General is that *while the Stabilised Budget system is in force and while there is a single central controlling authority* (which is in effect the Financial Adviser, Military Finance), the procedure advocated by the Financial Adviser is satisfactory and meets the requirements of Audit.

2 The main issues raised and considered were —

- (1) Whether in respect of centrally controlled grants the system of making one general re appropriation at the end of the year is open to objection,
- (2) Whether in the case of allotments to and from regular Special or Settled Grants, as the Special Emergency Grant of the Chief of the General Staff, there is any necessity for making separate individual re appropriations as at present,
- (3) Whether the existing system of expenditure control and appropriation audit of locally controlled grants is open to any objection.

3 After discussions with the Director of Army Audit and the Financial Adviser, Military Finance, the conclusions reached were —

- (1) The control of expenditure in the Army Department is exercised by a single central controlling authority, which includes the Finance Department of the Government of India, and the progress of expenditure is reviewed by that Department frequently with the help of the registers maintained for the purpose. Hence the existing system of expenditure control and of making one general re appropriation at the end of the year for centrally controlled grants (though it differs from the normal procedure in the case of the civil expenditure), is adequate,
- (2) As registers are maintained by the Financial Adviser, Military Finance, showing all sanctions to expenditure to be met from the Special Grants, individual re appropriations need not be made in each case of money allotted from these grants.
- (3) The control exercised locally over locally controlled grants is adequate in extent. But there are certain other features of the system relating to such grants which require further examination and this is being undertaken.

## ANNEXURE C TO APPENDIX XVIII

**Statement from the Deputy Chief of the General Staff regarding the sufficiency of resources available for the completion of special programme measures**

The programme proceeded normally up to the end of the financial year 1930-31. At that time it was estimated that a sum of 4 crores would be required to complete the programme, and on the basis of the stabilized budget, as modified up to that time, it was anticipated that this sum would be available in the course of the remaining three years of the period of stabilization. For 1931-32 approximately  $1\frac{1}{2}$  crores have been allotted, leaving a balance of  $2\frac{1}{2}$  crores still to be found.

2 The original programme has been modified from time to time, but the total cost has not varied substantially, and we do not anticipate that the original figure of 10 crores will be exceeded.

3 Owing to the recent financial crisis budget arrangements have been completely upset, and among other things His Excellency the Commander-in Chief has agreed to postpone progress on the programme entirely during the year 1932-33. Further we have no definite assurance that at the end of that financial year money will be available to resume action on the programme. This, however, does not alter the position that it and when the  $2\frac{1}{2}$  crores still due under the original arrangement can be provided, that sum will suffice to complete the programme always provided, of course, that world prices and kindred factors remain much as they are at present.

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### ANNEXURE D TO APPENDIX XVIII.

#### Memorandum from the Financial Adviser, Military Finance, on the proposal to discontinue the maintenance of Priced Store Accounts in Arsenals and other storage depots

In order to explain the proposal to abolish the Priced Store Accounts it is necessary to indicate briefly the course of their evolution in their present form. For this purpose it is not necessary to go back further than the year 1921-22. The Army in India emerged from the Great War with abnormally inflated establishments and expenditure and the process of reducing these to a normal peace level was retarded by hostilities with Afghanistan and widespread disturbances on the North-West Frontier. As an aid to restoring administrative and financial control over military expenditure it was considered necessary to institute an elaborate system of cost accounting which extended over every branch of the Army administration. This system remained in force until 1926-27, when it was decided to revert to a cash system of budget and accounts, cost accounting being retained only in the Army Factories and other manufacturing establishments.

2 The general system of cost accounting necessitated the maintenance in Arsenals and other storage depots of priced ledgers, i.e., ledgers in which receipts, issues and balances of stores were recorded in terms of money value as well as in terms of quantity. When general cost accounting was abandoned in 1926-27 the Arsenals were still clogged with war surpluses and it was difficult to ascertain what the true stock position was. It was therefore considered desirable, for purposes of financial control, to retain the priced ledgers for a period until the surpluses were disposed of and the position was cleared. It is considered that, as a result of the disposal of the surplus and obsolete stores and the introduction of improved methods of provision, storage and administration generally, the maintenance of priced ledgers can safely be abandoned. The maintenance of these ledgers is an expensive business and it is estimated that their abolition will result in an annual recurring saving of Rs. 4½ lakhs.

3 The priced store ledger is thus a relic of the old cost accounting system. By itself it is not a cost account, or even an account at all in the proper sense of that term, it is nothing more than a money valuation of the stores held in certain storage depots. It should also be made clear at the outset that there is no intention of abandoning the pricing of stores in manufacturing establishments where cost accounting is being retained and is indispensable. The proposal relates only to storage depots pure and simple.

4 It will be convenient at this stage to describe briefly the system at present in force for recording store transactions in an Arsenal. (The system is generally the same in all storage depots, and Arsenals are selected for purposes of illustration because they are the most important class of storage depots.) Every consignment of stores received in the Arsenal is accompanied by a receipt voucher and for every consignment issued from the Arsenal an issue voucher is prepared. The Arsenal authorities maintain a set of ledgers in which they enter up from the vouchers every transaction, whether receipt or issue, and periodically a balance is struck. This record is maintained in terms of quantity. To each Arsenal there is attached an accounts section belonging to the Military Accounts Department. This section maintains a separate set of ledgers in which it also posts every transaction from duplicates of the receipt and issue vouchers. This Military Accounts Department record is maintained not only in terms of quantity but also in terms of money value. In both sets of ledgers balances are periodically struck in terms of quantities, the two balances are compared and any difference between them has to be reconciled. In the Military Accounts ledgers the balance is also struck in terms of value and the amount is reported to the Military Accountant General at Army Headquarters. The figures reported from all the Arsenals are consolidated in his office and entered in the Stock Account which at the end of the year appears as Appendix I to the Army portion of the Finance and Revenue Accounts.

5 The change of procedure now proposed is the abolition of the priced ledgers maintained by the Military Accounts Department. Before considering the effects of this, a brief indication will be given of the system which will take the place in Arsenals of that now in force. In future there will be only one set of ledgers, the quantity ledgers maintained by the Ordnance staff in the Arsenal. The entries in the ledgers will be checked to the

extent of 100 per cent by the local staff of the Military Accounts Department by means of the duplicate vouchers which they will continue to receive. Balances will be struck and these balances as they appear in the ledgers will be checked periodically by the Military Accounts stock verifiers with the stores actually held on charge. The money valuation based on the pricing of every individual voucher will be abandoned, and such valuations as may be found necessary will be made on the annual balances recorded at Headquarters. The Stock Account as it appears in Appendix I to the Army section of the Finance and Revenue Accounts will disappear, and in its place there will be valuations of annual balances for store items or groups of store items in respect of which such valuation is considered necessary.

6 It is now necessary to consider whether this simplification of procedure involves any relaxation of control which might lead to loss. There are three aspects of this question—the aspect of audit control, the aspect of general financial control, and the aspect of Parliamentary control.

7 As regards audit, the maintenance of a complete duplicate set of ledgers is an effective form of check, but it is necessarily a very expensive one since it involves the maintenance in every Arsenal and other storage depot of a large accounting staff. If a simpler form of check can be adopted which is equally effective, it would clearly not be justifiable to retain the duplicate ledger system for audit purposes only. It is considered that the direct application of a 100 per cent check to the Arsenal ledgers, coupled with periodical stock verification, will be an effective substitute. The Director of Army Audit and the Auditor General have recorded their opinions that there is no audit objection of a substantial character to the proposal.

8 The second aspect is that of financial control, by which is meant control by the Finance Department at headquarters to prevent, in particular, excessive purchases and accumulation of stocks. Reference has already been made to the improvements on administration which have been effected in recent years. The Ordnance Directorate (the Ordnance Department is again taken for purposes of illustration as the most important) has now in force a card system. For each store item there is a card which shows the actual consumption in each of the past few years, the balance in hand, the quantity of stores ordered but not yet delivered, and other relevant information. This card is the basis on which the annual purchase demand is based. There is a special sub-section of the Military Finance Branch attached to the Ordnance Directorate, and every demand is scrutinised in that sub-section with reference to the information on the card before the item is included in the budget estimates. In certain cases it will be necessary to make annual valuations in terms of money of balances of stocks of groups of items. This can, however, be done without the elaborate and expensive process of valuing every individual voucher in every Arsenal. The quantity balances maintained by the Ordnance Directorate can now be accepted as reliable, and all that is required is the valuation of these all-India balances. For this purpose a small staff at headquarters is all that is required.

9 The third aspect is that of Parliamentary control. Here the main question is the information regarding stocks to be furnished to the Public Accounts Committee and to the Assembly in published documents. The adoption of the present proposal will mean the disappearance of the statement known as the Stock Account. At first sight this may seem to be a retrograde movement, but it is doubtful whether the statements as now presented gives information of real value to the public. As already stated, this document is not an account in the proper sense of the term, it is only a valuation of the stock held in certain storage depots. It excludes on the one hand stocks held in manufacturing establishments and on the other hand stores held by consuming units. It might be argued that the statements should be expanded so as to include these stores, but as the Auditor General has remarked in dealing with this case "it would be quite impracticable and extravagant to take the steps necessary to make them accurate and complete." This could not in fact be done without re-introducing the complete system of cost-accounting which was abandoned in 1926-27. Further, it is doubtful whether the exhibition of a bulked figure of stores under, say, the Ordnance head gives to the public any information of real value. Under this head there are no less than 26,000 items, and the bulked figure includes the value of items as varied as cannon, ammunition, tents, musical instruments, lamps and nails. It is felt that more real information would be conveyed by the publication of figures regarding selected items of importance.

10 As this aspect of the question is of special interest to the Public Accounts Committee, they may wish to know what is done in the way of presenting information of this kind to the British Parliament. As has been stated, the priced store account is a relic of the cost accounting system. In India after the abandonment of general cost accounts the priced store account was retained for special reasons. In the United Kingdom His Majesty's Government, acting consistently, discarded it with the general Army cost accounting. This action was taken as the result of a committee specially appointed for the purpose, of which the president and one member were members of the Public Accounts Committee. This special committee came to the conclusion that, so far from maintaining an elaborate system of priced store accounts, even a complete annual valuation of Army stocks was unjustifiable in view of the cost involved. Consequently, in the British Army Appropriation Account information is given only of the value of certain selected items. Among the selected items are consumable supplies such as provisions, forage, etc., and the more important categories of clothing stores. It is thought that more real and valuable information will be given by the publication of a statement on the lines of Appendix V to the British Army Appropriation Account than by retaining the present more pretentious but rather misleading "Stock Account".

11 The concrete proposal is that a small section should be formed at headquarters consisting of personnel drawn from the Military Accounts Department for the purpose of valuing stocks for the purposes both of current financial control and of the presentation of information to the Public Accounts Committee and the Legislature. This section would work under the orders of the Financial Adviser, Military Finance. The selection of groups for stores for valuation might in the first instance be on the lines of the British Army practice, but within limits these could be varied without increasing the cost of the organisation.

12 It is estimated that after allowing for 100 per cent audit check and stock verification in Arsenal and depots and for the creation of a small organisation at Headquarters for valuation of balances (a staff of 6 accountants and clerks would probably suffice) there will be an annual recurring saving of about 1½ lakhs. The proposal was placed before the Army Retrenchment Sub Committee as an economy measure, but only on general lines as the procedure to be substituted for the maintenance of priced ledgers had not then been worked out in detail. The Sub Committee recorded their opinion that the present system is too detailed, but with the exception of one member felt that the information then before them was not sufficient to enable them to make a definite recommendation. The one exception was Mr. Bovenschen who recorded an emphatic recommendation in favour of the abolition of the priced ledgers in the following words —

"Their retention seems a relic of Cost Accounting days and viewed either from the aspect of financial control or from that of the information furnished to the public, their cost is in my view totally disproportionate to their utility. Something on the lines of what is done in the United Kingdom, where the question of stock valuation for the Army has been exhaustively and independently considered, should in my opinion, meet all reasonable requirements, if any replacement of the existing accounts is necessary."

13 The arrangements to be substituted have now been worked out in detail as indicated in this memorandum and the administrative, financial and audit authorities are agreed. The system of priced store accounts can now be safely abandoned. In giving his concurrence, however, the Auditor General has pointed out that it is proper that a statement which the Public Accounts Committee have been accustomed to receive should not be continued without their being given an opportunity of discussing the question and that this statement of the case is accordingly placed before the Public Accounts Committee for their consideration before Government are asked to pass final orders on the proposal.

## APPENDIX XIX

Memorandum, furnished by the Director of Railway Audit, regarding the re-organisation of the Stores Accounts of the East Indian Railway [*vide* paragraph 18 (5) of the Report of the Public Accounts Committee on the Accounts for 1928-29].

Mr M K Mitra, the Controller of Railway Accounts, gave the last Public Accounts Committee an assurance that he would complete the re organisation of the Stores Accounts of the East Indian Railway in about 8 months and would remedy the state of affairs which the Committee has viewed with great concern. Mr Mitra has, in his *interim* report of 5th February 1931 (Annexure A) and in his final report of 20th June 1931 (Annexure B), explained how he has carried out the assurances given to the Committee and has made the Stores Accounts of the East Indian Railway such that they can be considered as giving a true and current record of the Stores transactions of the Railway. I accept the facts as set forth in Mr Mitra's reports (Annexures A and B). The Chief Auditor, East Indian Railway, has been test auditing the work of the Sub Stores Accounts Offices as well as of the Central Office and states that though a certain number of irregularities have, of course, been found, they are neither important nor numerous enough for any particular mention. The Chief Auditor has remarked that it may be fairly said that the re organisation work has been satisfactorily done. It is apparent that time will afford the best test of the efficiency of the new organisation, and the initial success of the new system must not lead to any diminution of the vigilance either of the Chief Accounts Officer or of the Chief Auditor.

2 In paragraph 1 of his final report (Annexure B) Mr Mitra has shown that the total value of the stores after verification, as shown on the new Price Ledger balances, is Rs 54,08,645 greater than the value as shown in the general accounts of the Railway, that is to say, the value of stores as exhibited in the general accounts has had to be written up to agree with the verified Price Ledger balances, and not written down. This difference amounts to 22 per cent of the total balance. The magnitude of the difference must be a matter for serious notice by the Public Accounts Committee and serves as a measure of the disquieting state of affairs which existed before a change for the better occurred. Though I cannot personally vouch for the correctness of the pricing, I am satisfied that the Controller of Railway Accounts took all reasonable steps to secure that the prices were not manipulated. It is unnecessary to enlarge upon the danger of a situation in which the actual balance of stores greatly exceeded the balance shown in the accounting records.

3 The important question arises whether, now that the accounts have been brought to a state of order, there should be any attempt at reconstructing and reconciling the accounts of the period of disorganisation. The Railway Board have decided that past transactions need not be investigated. Had the final result of the reorganisation and the verification been a writing down of the value of stores in the general books, I should have hesitated to concur in the abandonment of any attempt at reconciliation of the previous accounts, but, as the value of stores transactions has been found to be greater than the amount exhibited in the general accounts, and as any attempt at investigation, reconstruction, and reconciliation of the previous accounts must necessarily be expensive, and, owing to the chaotic state of the original documents, might well be unsuccessful, I am prepared to advise acceptance of the Railway Board's decision provided that a test check of a percentage of the depot ledger postings with the connected vouchers, as far as they are available, is carried out in order to verify that the depot balances which were adopted as the opening balances of the new Price Ledger on 1st August 1930 were correct. This test check is, I understand, actually being done at a comparatively small cost and its result will indicate whether any further investigation is necessary. This view is, naturally, one which is accepted with reluctance. The state of affairs, which renders the application of audit to such important transactions as Stores transactions impossible for a considerable period, cannot be considered as otherwise than deplorable and dangerous.

4 The subject of the Price List has been dealt with by Mr Mitra in paragraph 3 of his final memorandum (Annexure B). It has been stated there that the Price Lists will contain the prices for the guidance of the consuming departments in the preparation of their estimates, but that actual issue of stores will be valued at the average ledger rates as worked out on the Priced Ledger. The printed Price Lists of the East Indian Railway have been issued in regard to three or four classes of general stores only and it will take some time to complete the rest. It is claimed, however, that the Depot nomenclature and price lists prepared for the recent reorganisation, and the arrangements made between accounts and store keeping staff for correcting mistakes in nomenclature, are sufficient in themselves to

secure that the accounts will not relapse into confusion. I accept this conclusion and agree that, as there is likely to be considerable fluctuation of prices in the near future, the importance of fixing and publishing standard prices to guide estimating departments is not so great as it would otherwise be. I suggest, however, (1) that copies of the provisional Depot nomenclature be supplied to indenting departments to facilitate the work of the accounts and store keeping staff, and (2) the general standard price list be issued as soon as possible in order that the nomenclature may be finally settled and variations of nomenclature and price from depot to depot removed. The system of pricing on the basis of the average ledger rates as worked out on Price Ledgers must be a matter for constant watch by the Chief Accounts Officer and periodical consideration by the Controller of Stores.

5 It is essential that the Manual of Instructions for the maintenance of the East Indian Railway accounts should be issued as soon as possible and I understand that it is likely to be sent to the Press during the present month.

6 In paragraph 8 of the final report (Annexure B) will be found a review of the whole situation. It is perhaps infructuous to pursue the investigation of the origins and causes of the trouble, except in so far as they will provide lessons for the future. But it is impossible to ignore entirely the question of responsibility for a state of affairs which has led to an expenditure of roughly Rs. 1 lakh and might have led to large defalcations before it was set right. It may be accepted that the East Indian Railway accounts were in arrears and in an unsatisfactory condition when the Railway became a State railway. The amalgamation of the East Indian Railway and the Oudh and Rohilkhand Railway made the disorganisation very much worse. It is doubtful whether the amalgamation, in this particular sphere at any rate, was worked out in the detail which was necessary if this important event was not to be the cause of great confusion. The first Controller of Railway Accounts propounded the correct method of reorganising the stores accounts but applied it to the Howrah Depot only, in which fraud had occurred. His solution was not applied to other depots either because he was unaware of the extent of the confusion in the other Depot accounts or underestimated it, there is some evidence to indicate that the latter was the case. It is, however, true that it would have been impossible then to have embarked at once on the reorganisation, as the essential desideratum for such a reorganisation—the standard nomenclature—did not exist. It is the absence of this standard nomenclature which has been the greatest individual cause of the deplorable condition of the East Indian Railway Stores accounts, and, for the failure to rectify this, and to remedy the omission, the Railway Board itself is primarily responsible, since it was by the orders of the Board that the preparation of a Price List was deferred. The experiments in machine accounting in which the second Controller of Railway Accounts placed so much faith tended rather to increase than to lessen the confusion, and should not have been made in an office in which the work was disorganised.

7 The history of the East Indian Railway Stores accounting affords three important lessons, and, if these are kept in mind, there should be no recurrence of similar unfortunate episodes. In the first place, it is necessary that, when any big and new scheme which has an important effect on accounts is to be introduced, whether it be the amalgamation of two railways or the introduction of a machine system of accounting, it must be worked out carefully down to the smallest detail, if disorganisation and the consequent waste of Government money is not to result. In the second place, the maintenance of an up to date and standard nomenclature is the prime essential for the correct accounting of Stores transactions. Thirdly, when Stores accounts become disorganised or fall into arrears, accounting authorities must concentrate on removing the disorganisation, in the final event by heroic methods if others fail, before disorganisation becomes a chronic state and it is essential that the higher controlling officers in the Railway department should keep a constant watch on the state of the Stores accounts on the various railways.

8 I take the liberty of commenting on one point which, though germane to the present discussion, does not directly arise out of it. The Financial Commissioner, Railways, in paragraph 11 of his memorandum of 20th July 1928, on the proposal to adopt as a permanent measure the system of separation of Accounts from Audit on Indian Railways, after referring to the arrears of work in the accounts department of the East Indian Railway, which existed on 1st December 1925 when the East Indian Railway was taken over by the State, remarked "To day there are no arrears in the Department." It transpires that the Financial Commissioner must have been seriously misinformed. Certain arrears in the Stores Accounting Branch were known to exist, and later events have shown that there must have been other serious arrears of which the Chief Accounts Officer of the time must have been unaware, or which he must have omitted to bring to notice. The Reports of Mr. Mitra (Annexures A and B) before the Public Accounts Committee afford sufficient proof of this.



## ANNEXURE A TO APPENDIX XIX.

*Ad Interim* Report by the Controller of Railway Accounts for the Public Accounts Committee.

## REORGANISATION OF THE STORES ACCOUNTS ON THE EAST INDIAN RAILWAY

1 In paragraph 18 (5) of their report on the accounts of the year 1928-29, the Public Accounts Committee have asked for a detailed *interim* report to be submitted early in February 1931 on the progress in the reorganisation of the Stores Accounts on the East Indian Railway, dealing among other things, with the questions and answers which came before the Committee in the preceding year. The Committee also recorded their opinion that there should be no attempt to introduce experiments with machine accounting on that particular railway until all the arrear work had been put in order.

2 To enable the Committee to form a clear and accurate picture of what has happened on the East Indian Railway, it seems necessary to set out at some length what exactly were the defects brought to light by the Statutory Auditor in the accounts of the year 1927-28, what steps were taken by the Accounts Department and the Executive, respectively, to set these defects right, what difficulties were encountered in so setting the defects right and what progress has been made up to date.

3 The Stores Accounts on the East Indian Railway had been in an unsatisfactory state for quite a long time past. They received the special attention of the Public Accounts Committee in the year 1929, when the Appropriation Accounts for the year 1927-28 came under review, because of the prominence given to these defects in the Statutory Auditor's report.

4 The system of stores accounting on the East Indian Railway comprises (in the Accounts Department and in addition to the quantity ledgers kept by the Store Department) both a set of 'Class' ledgers in which the transactions of groups of articles are recorded in *values* only (to facilitate the localisation of errors and, therefore, the reconciliation of accounts), and a set of detailed priced ledgers in which the transactions relating to each individual kind of stores are recorded both by values and by quantities. For its proper functioning, such a system requires, *inter alia*, a standard nomenclature of articles, a satisfactory system of pricing issues, a periodical verification of stores in stock, and the consequent reconciliation between 'book' and 'ground' balances (after agreement has been effected of the former with the quantity ledgers kept by the Stores Department) and also a periodical reconciliation between the total of value balances in the ledgers and the balance under 'Stores' in the General accounts. In the absence, primarily, of a standard system of nomenclature of stores and of a price list of issues, the reconciliation between the ground and the book balances of quantities and between the aggregate of the value balances in the detailed priced ledgers with the total amount at debit of Stores in the General accounts had been in arrears for a long period. In course of time, the postings in the priced ledgers got also badly into arrears, and such postings as had been made were so badly done, that it was not uncommon to notice the additions of cwts to gallons, or of numbers, *i e*, units of count, to weights, or measures, or to come across negative values of stock balances.

5 All that had been satisfactorily done was to tally the value figures under 'Stores' in the General accounts with the totals of the figures (values only of course) in the 'Class' ledgers (*i e*, the summary ledgers). This merely ensured that the total under 'Stores' in the General accounts was vouched for by some document or other and did not leave out any such document. It did not ensure that the stores had actually been brought into account under the correct individual heads, or that having been so brought in, were afterwards satisfactorily accounted for. If the system had functioned properly, the priced ledgers should have been posted first, and then the summaries, which are really intended to facilitate reconciliation between the priced ledgers and the General accounts.

6 Further, as is obvious, the unreliable condition of the stores accounts did not enable either the officers of the Stores Department to control their purchases and regulate stocks, or the spending officers of the Railway,—the Construction and Mechanical Engineers, for example,—to estimate for their expenditure with any real accuracy.

7 In the year 1928-29 it was decided that the old priced ledgers which had become too chaotic to admit of reconciliation were to be discarded, and that fresh ones were to be started from 1st April 1928 resting on the balances found by actual count. No orders, however, were issued as to whether the discrepancies between the result of the actual count on 1st April 1928 and the figures in the old discarded ledgers were to be pursued further in order to investigate whether the discrepancies were merely due to negligence and consequent confusion, or covered any frauds.

8 Even this decision to start new priced ledgers from 1st April 1928 on the basis of the actual count did not materially improve the situation, because in the absence of a standard nomenclature and of an issue price list, the new ledgers were liable to precisely the same defects as the old, and exactly the same confusion was bound to arise in course of time as in the past. In fact, it *did* arise very soon.

9. At about this time the Railway Board were also contemplating the abolition of these priced ledgers in the Accounts office altogether. It was thought that the purposes fulfilled by these ledgers could be achieved otherwise, and the maintenance of these ledgers by the Accounts office was not inevitable. It was eventually decided, however, that there was a balance of advantage in continuing these ledgers, and so the East Indian Railway were asked to go on with the ledgers.

10 The position when the Public Accounts Committee reviewed the accounts in their meeting in August 1929 was that Mr. Scott, the then Controller of Railway Accounts, intended to act as follows, as recorded in a subsequent note by him: "My view was that the work on the East Indian Railway was chronically bad. The only course to take was to end it which I proposed to do by the introduction of machines at the earliest possible date. The current work would thus have been provided for. The 'earliest possible date' was the date, a uniform nomenclature was produced. As regards the arrears there could have been dealt with *thereafter* as an isolated sort". He decided first to bring into existence a satisfactory nomenclature and then to utilise machines for future posting and checking. These machines, he hoped, would enable him both to reduce staff and to increase efficiency and thus to initiate a model system of accounting, till the machines came and set to work on a provisional nomenclature, the old manual methods had necessarily to be continued.

11 Mr. Scott referred to these plans in the course of his evidence extracts from which are given as an enclosure to this report. (The italics are mine). Although at first sight the situation might seem to call for drastic action against the staff ('the surgical knife' 'dismissal of the whole staff'), Mr. Scott thought that drastic reforms, viz., the introduction of machine method, would enable him automatically both to improve efficiency and to weed out the incompetent staff. He did not, however, count on any radical improvement until he had introduced the new procedure by the machines, and he could not introduce any new procedure, until progress had been made in preliminary work, such as getting the nomenclature uniform.

12 In October 1929, Mr. Scott issued instructions to the Chief Accounts Officer, East Indian Railway, to arrange for the temporary transfer of four trained men from the North Western Railway in order to expedite posting in the ledgers. He also asked him to get ready a provisional price list as a preliminary to the application of machine methods for the account of stores transactions. He expected the nomenclature work to be completed by the end of February 1930, by which date he also expected to overtake the arrears in postings to the end of November 1929. No other reforms were contemplated till the machines came. His initial task was to get a provisional nomenclature and a provisional price list. With regard to the staff, he explained to the Chief Accounts Officer that his intention was to earmark for discharge such men as were found to be incompetent from amongst the staff that became surplus after the introduction of machine methods.

13 Arrangements had already been made in July 1929 for the provisional nomenclature to be prepared by each depot in consultation with the Accounts Department. The detailed plan was as below. The depots were to prepare statements showing the nomenclature observed by them for each item of stores, clerks from depots would then attend the Chief Accounts Officer's Office for the purpose of co-ordinating the nomenclature followed by depots with that followed in the Accounts office, and the statements obtained from the various depots after such reconciliation would then be co-ordinated with each other by the Controller of Stores and used as a basis for preparing the Provisional Nomenclature.

and the Price List. But the plan did not succeed, for, to quote the Controller of Stores (20th November 1929) "the Mechanical Department estimate it will take three years for them to complete their portion of the nomenclature list, and Mr M says he cannot give any estimate as to time for his portion of the work. Mr M has all classes in hand except Loco, Carriage, Electrical and Signal," and again (20th January 1930) "the Standard Nomenclature can only be got out by an expert on such matters and I have already informed you that the Locomotive Classes and Carriage and Wagon Classes are in the hands of the Chief Mechanical Engineer".

The Chief Accounts Officer eventually made attempts of his own to frame a provisional nomenclature from the data at his disposal, but he reckoned without the heavy odds against him, *viz.*, the absence of expert knowledge, the distance at which he worked from the depots and the sheer immensity of the task.

14 The machines, which were expected to arrive in November 1929, arrived in February 1930, and Mr Scott had left India in the meantime in December 1929, leaving general instructions to me (who joined in January 1930) as to the use of these machines. I visited the East Indian Railway accounts office early in February 1930, and found that although strenuous efforts were being made to have a complete list of provisional nomenclature and to bring the arrears up to date, the work was still enormously behind hand. In fact, the current work had got into arrears while the arrear work was being pulled up, with the net result that very little real progress was being made.

15 In view of the meagre progress made in the work, I visited Calcutta again in April 1930, when I made a detailed examination personally of the work that had been done. I found in the course of such examination, that apart from the arrears still existing, the work was actually proceeding on wrong lines. It soon became clear that the preparation of a complete list of even provisional nomenclature and of prices could not be accomplished without the Accounts office working in the Depots and in close co-operation with the Executive. In the absence of such nomenclature and price list, the work of posting the ledgers correctly or of reconciling them was well nigh an impossibility, and any attempt to do the work on the lines on which it was being done, was sure to meet with the same fate as had attended the previous priced ledgers. In other words, in spite of the enormous mass of work already done in attempting to overtake the arrears of postings, the ledger accounts were no more reliable than before, and the energy spent in the postings had been more or less wasted.

16 I, thereupon, decided to defer for the moment the work with regard to the past and to concentrate all attention on the future, so that it might be ensured that at least the future accounts were correct with effect from a certain date, say 1st April 1930. (Eventually, as will appear later, this date had to be altered to 1st August 1930.)

The accounts were to start as though a new concern took over the assets at the market value on a certain date. To enable this to be done, it was necessary (a) to count the stock of stores on that date, (b) to start new priced ledgers with the balances as per such count, (c) to price the balances at current market rates, (d) to bring down the total value at debit of Stores in the General accounts to what was obtained as the total value of the Stores as per the individual ledger accounts, and (e) to investigate into the differences so written up or written down.

In addition to this and in order to prevent the recurrence of confusion in future, and specially to render possible a provisional nomenclature, common to both the Depot and the Accounts Office, the Stores Accounts were to be decentralised and maintained in the Stores Depots side by side with the ledgers kept by the Executive. The quantity balances of the Depots, according to the ledgers of the Executive, were to be reconciled monthly with the priced ledger figures of the Accounts Department and the aggregate value of the balances in the several Depots at the end of every month was to be agreed with the total balance under Stores in the General Accounts of the Railway.

And as regards the past, it was decided to scrap the old priced ledgers and bring the other arrears up by a separate staff located at the headquarters office. After this had been done and the current ledgers brought into working order and agreed with the general accounts and the accounts for the future placed on a perfectly satisfactory footing, the postings under selected heads for the last few years were to be scrutinised with a view to

seeing whether the confusion in the past was due merely to innocent mistakes, &c., mere carelessness or whether they covered any fraud

17 When the steps to be taken to introduce all these reforms were still under consideration, the matter came before the Public Accounts Committee in July 1930, and I explained these plans generally to that body

18 Giving effect to the plan of action detailed above, has, naturally, been a huge task. The first step was to decentralise the work amongst the depots. Additional staff, both superior and subordinate, had to be found, trained and set to work in entirely new surroundings. Even such simple matters as accommodation, furniture, etc., presented difficulties. Side by side with the training of our men, we had to ensure proper co-ordination of the work of the Depot staff, specially in the provisional fixation of nomenclature and the rate unit, and the submission of vouchers and other documents to Accounts. Elaborate instructions had to be issued for this purpose and these naturally took time to bear fruit.

19 As soon as these preliminaries were completed, arrangement was made to open the new priced ledgers with the actual ground balances on 1st August 1930 and under the nomenclature provisionally agreed to between the Depot Officer and the Accounts Officer.

Obviously, it was not possible to arrange for a simultaneous count of some 65,000 items of stores in one day. So it was arranged that while the count was to be spread over a period of time which, of course, was restricted to the minimum that was practicable, postings during the interval were to be commenced with tentative opening balances taken from the depots and all subsequent postings were to be carefully checked, so that the correct starting ground balances on the 1st August 1930 could easily be deduced therefrom when the actual count balances on the subsequent date of verification was known. Even so, however, this work of simultaneous counting in all depots on an intensive scale necessitated, as it was bound to do, the employment of a large temporary staff. Stock verification requires expert knowledge and, thanks to the assistance rendered by other railways by way of lending expert staff, it was possible to finish the work in five months.

Of the numerous difficulties attendant on the simultaneous verification of such a large quantity of diverse kinds of stores in all depots, what was most actually felt was the finding of additional temporary staff with technical experience to attend to the verification work on behalf of the depot officers, and the arrangement at short notice of the stores in a satisfactory manner for the purpose of count, measurement or weighing.

20 Pricing, even on a provisional basis, has been an unexpectedly formidable piece of work. In truth, the magnitude of the task and its difficulties had not been clearly visualised until the work was actually taken in hand. For all practical purposes, the work had to be done entirely *de novo*. Rates for about 40 per cent of the items were available from the Kardex cabinet, which was maintained by the Controller of Stores from the year 1928. For the rest, every conceivable source of information had to be tapped, even the old discredited priced ledgers, and costing records in workshops the original vouchers, where available, reference to suppliers, price lists of other railways and in the last resort expert estimate. For this expert estimating, we had at one time to commandeer the services of several expert executive officers, Stores officers, Civil and Mechanical Engineers, Production Engineers, Signal and Electrical Engineers, all specially deputed for the purpose. And even specifications and drawings had to be referred to and actual weightings made in many cases. The pricing work has now been almost completed.

21 Side by side with the daily postings in the ledgers, the compilation of the consolidated price list went on, this list is almost finished and it only remains to price a few items, in respect of which the transactions are comparatively rare. When this list is completed, rearranged in alphabetical order and printed, all of which is expected to be done by the end of March 1931, it will ensure not only correct prices of issues and postings of ledgers in the future, but a more accurate estimating of expenditure.

22 As already stated it was obviously not possible to hold over the postings of the priced ledgers till the nomenclature in respect of the 65,000 items had been finally decided on. It was, therefore, decided to work on a provisional nomenclature, which, it is hoped

will not be materially departed from in the end. When the final nomenclature is decided on, the necessary re-adjustments can be made in the accounts without any difficulty.

23 The progress made in the reorganisation was rendered possible, primarily by the adoption of a provisional nomenclature and price list, which, in its turn, has been possible only because of (a) the decentralisation of the Stores Accounts to Branch Accounts offices in the Depots, and (b) the very large expert staff—expert Stores and Engineer Officers, who were deputed for the work. In spite of the guidance furnished by the practice on other railways, which guidance, however, was very much limited owing to the differences in classification and terminology on the different railways, the task of classifying and pricing over 65,000 items, for practically the first time and without any help from the previous books, was, needless to say colossal.

24 It should be mentioned at this stage that the accounts of the Howrah Depot had been in fairly good condition. This was due chiefly to the fact that in the depot the Accounts staff and the Depot staff had been working side by side for some time, but also due to the comparative homogeneity of the stores in the depot.

25 Having given some idea of the nature of the different items of work, the difficulties faced and the progress made, I will now summarise what exactly has been done so far and what still remains to be done. The ground covered by the reorganisation includes the following items —

- (a) Opening of new priced ledgers from 1st August 1930
- (b) Valuation of the opening balances at provisional rates, pending the preparation of the final price lists
- (c) Valuation of the issue vouchers and posting the issue and receipt transactions from 1st August 1930 in the priced ledgers from day to day
- (d) Compilation of the daily and monthly summaries of such transactions
- (e) Issue of the monthly debit and credit schedules to the consuming and returning departments in respect of such transactions
- (f) Reconciliation of the new priced ledgers with the depot cards and adjustment of the discrepancies discovered in the course of such verification
- (g) Verification of stores held by the various stores depots
- (h) Adjustments of the discrepancies discovered in the course of the stock verification in the depot cards and the priced ledgers
- (i) Compilation of the monthly stores accounts for adjustment in the General Books
- (j) Verification of the priced ledgers with the General Books through the classification summaries and class ledgers
- (k) Adjustment of the difference between the General book balances on 31st July 1930 and the priced ledger balances on 1st August 1930 valued at provisional rates
- (l) Further adjustment due to the adoption of the final rates
- (m) Preparation of the depot price lists based on the final rates, obtained from the Controller of Stores and other officers
- (n) Investigation of the more important discrepancies brought to light in the course of the stock verification

26 All the above items of work have practically been completed except items (k), (l), (m) and (n), the position in regard to which on the 17th January 1931 is indicated below. The exact date up to which each item should have been completed and the date up to which it has been completed will be mentioned in my final report after the end of March next.

*Items (k), (l) and (m)* —The balance statement of stores on 8th January 1930 is under preparation by the Depot Accounts Officers and is expected to be received by the  
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end of February 1931 The final revision of rates will not be taken up until the depot priced lists, which are under preparation, are completed by the end of February 1931. The whole work in this connection will be completed by the middle of March next

*Item (n)*—As the verification reports are being received from the depot officers, the investigation of important discrepancies is being pursued and finally settled in consultation with the depot officers, further action being taken by the Chief Accounts Officer when necessary

27 On a very rough estimate, it may be assumed that three-fourths of the reorganisation work is over and one-fourth or a little less still remains to be done I am reasonably confident that this one-fourth will be completed before 31st March 1931

28 The arrear work prior to 1st August 1930 was dealt with at the headquarters office by a separate staff, simultaneously with the formation of the local accounts offices at the depots It was decided for the time being that the ground to be covered by this staff should begin from the middle of 1929, upto which period the work had already been brought up somehow For this arrear work to 31st July 1930, priced ledgers were not prepared, but the Issue and Classification summaries and the Class ledgers were prepared and vouchers valued, summarised and posted in the Class ledgers and thence into the General books, the necessary debits for issues being also raised against the depots concerned Mis-laid vouchers, which have not found their way into the stores accounts are appearing gradually Steps have been taken to ensure that all the adjustments are completed before the 31st March 1931

29 The question of tracking down past transactions, i.e., prior to 31st July 1930, with a view to determining whether there had been any fraud or not, can only be taken up after all the other work has been completed It is doubtful if much good will come out of it, specially when the Priced Ledgers have been admittedly in a hopeless mess in the past and had to be scrapped A number of items of stores, selected at random, will be posted in complete details in their ledgers to be opened for the purpose, with effect from 1st April 1928, and if these show any serious mistakes or divulge frauds, they will be pursued and other accounts taken up Otherwise, the work will cease after a reasonable percentage has been checked. This, however, will be a *post-mortem* examination, which will take its own time

30 Besides the stores held in the regular Stores depots at debit of the head stores', large quantities of stores are also held by the Engineering Department under the head 'Engineers Stores Suspense' Further, fairly large quantities of stores charged off in the Stores depot accounts are also held at the various workshops and at sites of works Steps have been taken regularly to verify and reconcile these balances in future by representatives of the Accounts Department The work has been started in three of the divisions out of six, and will be extended to the other three shortly In view, however, of its magnitude, the work will go on some time beyond the 31st March 1931

31 Advantage was also taken of this opportunity of reorganising the Stores Accounts to effect improvements in other directions The unadjusted balances under the various suspense heads were analysed, examined and adjusted, the aggregate balance under these heads being reduced from about Rs 47 lakhs on 31st March 1930 to about Rs 10 lakhs on 8th January 1931 The payment of suppliers' bills has been expedited, bills now being paid within two or three days of receipt in most cases. The entire accounting procedure has been overhauled in detail, and a manual for the guidance of the staff is under preparation There was formerly no such manual

32 Now that the arrears have been practically pulled up and the reorganisation almost completed, it is but proper that I should place on record my gratefulness to one and all, who have helped me to achieve the result The brunt of the burden naturally fell on the Executive, and especially on the Stores and the Mechanical Engineering Departments, who had to complete the preliminary tasks of classification and pricing before the Accounts Department could completely post the ledgers or verify the balances As for my own staff, no praise from me would be too high But for the loyalty and cheerfulness with which they have worked against heavy odds, it would obviously have been impossible for me to have achieved the results To Mr P N Mukerjee, the

Deputy Chief Accounts Officer, in particular, my special thanks are due for the energetic and successful manner he faced and solved the various difficulties from time to time. To the Agent, in special measure, I am beholden, for the interest he took in the progress of the work at all stages and the readiness with which he arranged for facilities for our work. I am also under a deep debt of obligation to Mr Hayman, Member of the Railway Board, for the assistance rendered by him in inspecting the accounts and helping me with valuable suggestions, especially in regard to the arrangements for the pricing, and, if I may, I would also express my gratitude to the Financial Commissioner for his guidance and counsel and for the additional staff which he so kindly allowed me at a time when additional staff was more or less universally forbidden.

M. K. MITRA.

*The 5th February 1931.*

## ENCLOSURE TO ANNEXURE A

*Mr Scott* —I am carrying out this experiment on the North Western Railway because the East Indian Railway is in such a state that any experiment carried out there at present would be of no value

\* \* \* \*

*Sir Frederic Gauntlett* —If, as you say, the disease is chronic and is of long standing, it usually needs a surgical knife to get it out. Have you applied the surgical knife to the Stores Department?

*Mr Scott* —If the Railway Board would authorise me to do so I have no objection. You mean the dismissal of the whole staff?

*Sir Frederic Gauntlett* —I do not mean quite the whole staff, but in view of the system of obstruction or worse about which Mr. Raghavandra Rao definitely hinted, do you not think it might be desirable to remove any members of that staff?

*Mr Scott* —I have left tentative instructions with the Chief Accounts Officer in respect of the present situation and in respect of the application of the surgical knife to which you refer

\* \* \* \*

*Sir Frederic Gauntlett* —How long do you think it will take to put matters right?

*Mr Scott* —As soon as I am ready to introduce the new system. In the case of the Howrah that will be in the course of the next two or three months.

*Sir Frederic Gauntlett* —But you have said that you could not possibly introduce an experiment on the East Indian Railway because the conditions were so bad there. Will the conditions have improved sufficiently to enable you to make a complete change and introduce mechanical accounting?

*Mr Scott* —I am not counting on my radical improvement, I am counting on a little progress being made in preliminary work, such as getting the classification uniform. Then I shall introduce a new procedure.

*Sir Frederic Gauntlett* —Do you think you will get loyal assistance from people who are there in the introduction of the new scheme?

*Mr Scott* —If I cannot get it I shall have to import other staff, I should think, however, that there is certainly a small proportion of men who would be useful and ready to work the new procedure.

*Chairman* —Mr. Scott, as I understood it, you have really agreed with Sir Frederic. But I understood you to indicate that you were awaiting sanction from the Railway Board for the drastic action, which you yourself had recommended?

*Mr Scott* —I have not recommended anything. But the usual thing is, when one displaces one method by another, such as the introduction of the machines in this case, the normal procedure is not to dismiss any staff which may be rendered surplus as a result of the change but to postpone recruitment until the surplus has been absorbed. Now from the time I have taken charge I have been impressed generally with the fact that the staff on the East Indian Railway is not up to the standard one would wish. As a general statement I think that is correct. It has been a question with me as to how I should meet that situation. The solution, I have now satisfied myself, lies in the introduction of an entirely new method which will greatly diminish the number of clerks which will be needed. I trust with that diminution that the number we take will be thoroughly efficient.

\* \* \* \*

*Chairman* —I take it you agree with the Auditor General for the need for drastic action and it is simply because you want more time to study the situation that you have not yet taken that drastic action?



*Mr Scott* —In the course of the next six months I am confident that there will be almost a *model method*, on the East Indian Railway. That is the main result to which I have set myself—to introduce a model *procedure* on the East Indian Railway.

*Chairman* —But will there be a model staff ?

*Mr Scott* —Well, I think there will be a perfectly good staff, if it cannot be got there then from elsewhere, if the necessity is forced upon one to get it from elsewhere.

*Maulvi Abdul Matin Chaudhury* —How have you found that 50 per cent of the staff are inefficient ?

*Mr Scott* —I have not said 50 per cent, I may perhaps have to go further.

*Chairman* —What Mr Scott said is that the *introduction of mechanical method would displace thirty or forty or fifty per cent of the staff*.

## ANNEXURE B TO APPENDIX XIX.

## FINAL REPORT OF THE CONTROLLER OF RAILWAY ACCOUNTS, FOR THE PUBLIC ACCOUNTS COMMITTEE, ON THE REORGANISATION OF THE STORES ACCOUNTS ON THE EAST INDIAN RAILWAY

In my previous *ad interim* report dated 5th February 1931<sup>1</sup> (Annexure A), I gave a brief history of the events leading up to the commencement of the reorganisation of the Stores Accounts on the East Indian Railway and the progress made in that work up to January 1931. In paragraph 25 of that report, a list of the more important items of work, comprising the reorganisation work, was given, and in paragraph 26 *ibid*, it was stated that all those items except the last four had been practically completed. I am now in a position to say that all those items of work have since been finally completed and brought up-to-date (*vide* enclosure 1 to this report). As regards the remaining four items, the position is as follows —

- 1 “ (k) Adjustment of the difference between the General Book Balances on 31st July 1930 and the priced ledger balances on 1st August 1930 valued at provisional rates ”

This work has since been completed and the necessary adjustment made in the accounts for March 1931. The total difference between the General Book Balances on 31st July 1930, after including the adjustments of the arrear transactions relating to the period prior to 1st August 1930 so far traced, and the Priced Ledger Balances on 1st August 1930, valued at provisional rates, comes to Rs 57,10,578, and represents a corresponding deficiency in the General Books as compared with the value of the stores, at provisional rates on 1st August 1930, as found by actual stock verification. This deficiency in the General Books is due to various causes, the more important of which are given below—

- (a) Non-adjustment of a large number of advice notes relating to returned stores during the past few years

Owing partly to the confusion which existed in the Stores Accounts Branch and the absence of proper instructions relating to the procedure to be followed in connection with returned stores and partly to the officials of the Stores and the Returning Departments not discharging their duties properly, numerous transactions relating to returned stores remained unaccounted for during the last few years. In the course of the reorganisation work, all possible efforts were made to trace such transactions and thousands of them were actually traced and adjusted. It is doubtful if all the transactions, which have remained unadjusted so far, will ever be brought to light, and this fact, more than anything else, accounts for the large deficiency in the General Books as compared with the total value of the Stores in the Priced Ledgers. Necessary steps have been taken in order to prevent a recurrence of such a state of affairs in the future and a complete set of instructions have been issued for the guidance of all concerned. These instructions also provide for a monthly reconciliation of the Priced Ledgers with the General Books.

- (b) Issue of stores to consuming departments at high rates

In the absence of reliable price lists and up-to-date priced ledgers, the issues to the consuming Departments, such of them as were actually adjusted, were in many cases valued at inordinately high rates. This had the effect of reducing the general book balances to a larger extent than would have been the case, had the issues been valued at the average ledger rates. This defect has since been set right by the preparation of the provisional Price List for each depot. These price list rates have been adopted in valuing balances on 1st April 1931 as well as the issues for that month. The subsequent issues are now being valued at the average ledger rates, worked out in the Priced Ledgers at the end of the previous month. So long as the Priced Ledgers are kept up-to-date, there is no risk of the issues being valued at any other than the average ledger rates in future.

- 2 “ (l) Further adjustments due to the adoption of final rates ” [*Vide* paragraph 26 of the *ad interim* report (Annexure A)]

This work has also since been completed, and the necessary adjustments made in the accounts for March 1931. As stated in paragraph 20 of the *ad interim* report (Annexure A)

the work has proved to be a very formidable piece of work. In order that it could be effected, it was necessary that a complete nomenclature and price list of all items of stores at the depots should be compiled. For this purpose the assistance of the Controller of Stores and several other technical experts was obtained. The work of pricing the technical stores specially proved to be a very troublesome business and the expert Engineers had to go down to the various depots, examine the stores on the spot, consult the Production Engineers and the Depot officers, examine the costing records as far as possible, refer to the drawings and specifications and very often actually weigh out the material, and also consult the price lists of outside firms, etc. Three Mechanical officers were employed in pricing the Loco and Carriage and Wagon stores, an Executive Engineer was deputed to price the permanent way materials, an Electrical Engineer was put on the pricing of electrical and signal and interlocking materials, and the services of the Controller of Stores' staff, as well as of the officers engaged on special duty for the preparation of the general nomenclature and price lists, were utilised in pricing the General Stores. Along with the pricing work the nomenclature was also examined by these technical officers, and the items of stores were arranged in alphabetical order to facilitate the use of the list and to detect the use of duplicate ledger headings in respect of the same stores. Considering that the items approximated about 65,000 in number, the amount of the work involved in the preparation of the nomenclature and price lists can be easily realised. As soon as these lists were ready in type, they were utilised in carrying out a general revision of the rates in the Priced Ledgers at the end of March 1931. The net result of this revision was a reduction in the total value of the stores to the extent of Rs 3,01,933 only. The total value of the stores on the Depot Books and the Priced Ledgers as well as in the General Books on 1st April 1931 as a result of this revision of rates was Rs 1,79,30,401. The difference between the total value of the stores at provisional rates and at the final rates was, therefore, 1.6 per cent, which shows that the provisional rates adopted on 1st August 1930, in opening the new priced ledgers on that date and in valuing the subsequent issues, were found to be very nearly correct.

3. "(m) Preparation of the Depot Price Lists based on the final rates obtained from the Controller of Stores and other officers"

As stated in the previous paragraph, these lists have since been completed and have formed the basis of the final adjustment that has been carried out as a result of the revision of rates. In this connection it is necessary to refer to the General Nomenclature and Price Lists, which are now under preparation by the Officer on Special Duty under the orders of the Railway Board. This work started about two years ago. One class of General Stores, viz., Gb4, is, it is understood, ready at the present moment, and is being printed up by the Controller of Stores. It will be introduced simultaneously in all the depots on 1st July 1931. It has been decided that this as well as the other lists, which will come out later on, will contain the prices for the guidance of the consuming departments, the preparation of their estimates, and that the actual issues of stores will be valued at the average ledger rates as worked out on the Priced Ledgers. In other words, the General Nomenclature and Price Lists, as they are called, will not affect the prices adopted by us in the Priced Ledgers on the basis of the Depot Price Lists prepared by the technical officers at our instance. The only use the consuming departments will make of the General Price Lists will be to conform to the nomenclature given therein in submitting their requisitions for stores and to take the rates for the purposes of their estimates. As a matter of fact, many of the Railways in India work without the General Price Lists. The Price Lists are useful, however, in that they contain a number for each article in the List and there are less mistakes in the quotation of this number in all Indents, Requisitions, etc. than in the quotation of the nomenclature. And the rates quoted in the lists are useful for the purpose of the estimates and the control over expenditure. Even so, the consuming departments cannot make the fullest use of these lists, until they are all completed and printed up. It is not likely that this will be the case before the end of the current financial year. I refer to this matter in order to prevent any misunderstanding that may exist in any quarter that the Depot Nomenclature and Price Lists, which we have already completed, can be regarded only as an intermediate compilation, which will be completely replaced by the General Nomenclature and Price Lists, when these are finally issued. The only effect of the issue of the General Price Lists on the Stores Accounts records will be that possibly the nomenclature of some of the items may have to be slightly revised.

This will merely, however, necessitate slight corrections in the headings of some of the priced ledger cards that are now in use

4 “(n) Investigation of the more important discrepancies brought to light in the course of the stock verification”

This work has been going on, and whenever the explanations furnished by the Depot Officers were not found to be quite satisfactory, the matter was taken up with the Controller of Stores. Most of the discrepancies have been thus fully investigated and settled. A few items are still under reference with the Stores Department. Generally speaking, it may be stated that the discrepancies discovered in the course of stock verification have not been of a very serious nature.

5 Owing to the old priced ledgers having been scrapped and no priced ledgers maintained for a period prior to 1st August 1930, it is not possible to say if the quantity balances in the Depot Ledgers on the 1st August 1930, with which we have compared the ground balances, have not been manipulated in any instance prior to the 1st August 1930. This takes us to the question of tracking down past transactions, which has been dealt with in paragraph 29 of my *ad interim* report (Annexure A). Some sort of test check with a small staff of one accountant and a few clerks for a period of four or five months might, perhaps, prove to be useful for the investigation. Vouchers and other documents may not, however, be forthcoming in all cases. And even if we do discover frauds, it may not be possible to localise them or bring home the responsibilities to the actual culprits. On the whole, taking everything into consideration, and specially the fact that we have taken stock of the actual goods in hand, and pricing them at current market rates we find that our assets are really valued at Rs 54 lakhs more than what they are borne at in the books, it is very doubtful if it will be advisable to pursue further with regard to the inscrutable past, and spend more good money after bad. Instructions on the point are awaited.

6 I shall now deal with items which have been taken up by me, though they do not form part of the scheme of reorganisation originally contemplated. These are mentioned in paragraphs 30 and 31 of my *ad interim* report (Annexure A). In paragraph 30 of that report, reference was made to the verification and reconciliation of the engineering stores held at the various divisions and workshops. The verification work at three of the divisions has since been completed, but the valuation and reconciliation work is still in progress. The Lucknow Workshops have been taken up and the other divisions will also be taken up as soon as the verifiers are available from their current work.

7 The work in connection with the analysis and clearance of the suspense balances, referred to in paragraph 31 of the *ad interim* report (Annexure A), has been vigorously continued and enclosure 2 to this report shows the progress made in this direction so far. The Manual is under preparation and will take a little more time to complete.

8 A brief review of the whole situation now may not be out of place. The Stores Accounts of the East Indian Railway had been in a bad state of confusion for the last few years. After the transfer of the Railway to State management and its amalgamation with the Oudh and Rohilkhand Railway, which had a separate list of Nomenclature and of Prices of its own, the position grew worse, and eventually it became so bad that the priced ledgers became worse than useless, and practically all the stores accounts had to be scrapped and new ledgers started afresh. In 1929, after appearing before the Public Accounts Committee, Mr. Scott thought that he could start new ledgers with the introduction of Hollerith Machine, and for this purpose he indented for a machine and issued instructions to the Chief Accounts Officer for the preparation of a provisional list of Nomenclature and of Prices. The machine arrived in February 1930, but not much progress was made in the issue of the provisional list of nomenclature and prices, and it was found in April 1930 that no list, even provisional, was possible without the decentralisation of the Accounts Offices, which would enable the Accounts to work in close co operation with the Depots. It was the absence of this cooperation and the inadequacy of the staff, that were responsible, more than anything else, for this state of affairs. Instructions were not found wanting, but there was no practical heed paid to them, either by the Accounts or by the Executive, and it was found that the distance between the Depots and the Accounts was the main cause of this. The staff, inefficient as it was, was grossly inadequate, and important items of work, which were

essential in any good system of stores accounting, were not done, and no staff was provided for the same. In the attempt to do the work with such staff as there was, the chaos and confusion only grew worse, and no reliable information whatsoever was obtainable from the accounts. It was then that, with the promise of additional staff necessary for the work, I ventured to undertake to complete the work within a space of eight months. An Officer with special experience in stores accounts was exclusively put on the work, the accounts offices decentralised to work in the depots, and a special staff of expert Store and Mechanical Engineer Officers appointed to work out the prices. The provisional lists of nomenclature were got out, and priced ledgers opened under these provisional headings and with provisional prices. In the meantime, the stock verification was pushed on, as also the pricing by the experts, and the whole work completed by the end of March 1931. The current work thereafter has also been provided for, and it is hoped that the work will continue to be satisfactory in the future. Any staff that may be considered to be superfluous is being got rid of, and the cost of the new reorganisation brought down to a minimum. This reduction in cost has necessarily been a gradual process, as with the state of accounts until a few months back still fresh in our minds, we cannot afford to take any risk until we have finally and securely settled down. As regards the Depot Nomenclature and Price Lists, it is claimed that very few instances will be found in which the same article has been called by different names in different depots. The separate depot price lists have also the advantage of showing in what depot a particular article is,—the same article may not be available in all the depots,—and the price of the article in a particular depot,—such price must necessarily vary from depot to depot. The publication of a General Price List for all the depots, which as stated in paragraph 3 above, many railway work without, has been taken in hand by the Controller of Stores. It may yet take a year or so to complete it. In the meantime, it is the separate depot price lists that have rendered possible for the Stores Department to function as a going concern, with its assets counted and valued at up-to-date prices, and with its future transactions conducted on the best data available.

SIMLA

M K MITRA.

*The 20th June 1931.*

## ENCLOSURE 1 TO ANNEXURE B.

(Vide paragraph 1 of the Report)

- (a) Opening of new Priced Ledgers from 1st August 1930 Completed.
- (b) Valuation of the opening balances at provisional rates pending the preparation of the final Price List Completed.
- (c) Valuation of the Issue Vouchers and posting the Issue and Receipt transactions from 1st August 1930 in the Priced Ledgers from day to day. Completed up to May 1931.
- (d) Compilation of the daily and monthly Summaries of such transactions Completed up to May 1931.
- (e) Issue of the monthly debit and credit Schedules to the consuming and returning Departments in respect of such transactions Completed up to May 1931.
- (f) Reconciliation of the new Priced Ledgers with the Depot Cards and adjustment of the discrepancies discovered in the course of such verification Completed up to April 1931.
- (g) Verification of Stores held at the various Depots Completed.
- (h) Adjustment of the discrepancies discovered in the course of the Stock Verification in the Depot Cards and Priced Ledgers Completely carried out and up-to date.
- (i) Compilation of the monthly Stores Accounts for adjustment in the General Books. Completed up to April 1931. The Accounts for May 1931 are not yet due.
- (j) Verification of the Priced Ledgers with the General Books through the Classification Summaries and Class Ledgers Completed up to March 1931. The General Books for April 1931 have not yet been closed.
- (k), (l), (m) and (n) —Please see paragraphs 1, 2, 3 and 4 of the Report

## ENCLOSURE 2 TO ANNEXURE B.

Name of Suspense Accounts.	Position on the 31st March 1930				Position on the 31st March 1931			
	Item.	Amount.			Item.	Amount		
		Rs	as	p		Rs	as	p.
1 Purchase Accounts .	..	2,536	5,53,978	2 2	425	1,02,489	9 6	
2 London Stores .	.	217	14,15,270	10 5	25	74,937	6 7	
3 Sales .	.	497	6,79,345	14 0	30	4,583	14 5	
4 Miscellaneous Advance counts	Ac-	614	14,30,822	3 6	Nil	Nil		
5 Suspense Miscellaneous	..	55	1,11,102	7 8	"	"		
6. Stores in-Transit Accounts	.	130	5,46,502	10 3	2	241	6 0	
Total	..	4,049	47,37,022	0 0	482	1,82,252	4 6	

## APPENDIX XX.

**Memorandum regarding relative rates for telegraphic and telephonic communications in India received from the Department of Industries and Labour (Posts and Telegraphs Branch) with reference to paragraph 42 of the Report of the Public Accounts Committee on the Accounts of 1927-28.**

A suggestion was made by the Public Accounts Committee in paragraph 42 of their report on the accounts of the Department for 1927-28 that Government should consider whether the relative rates for telegraphic and telephonic communications should not be revised so as to secure the best economic results

2 The charges for inland telegrams of all classes are uniform throughout the country and do not vary according to the distances separating the offices of origin and destination. On the other hand, the charges for telephone trunk calls vary according to the distances over which the call has to be put through

3 The tariff for trunk telephone calls obtaining in India follows the practice in other Telephone Administrations. The charges are calculated on the basis of radial distances on the following scales —

- |   |  |
|---|--|
| (i) For the first 100 miles of radial distance                      | 3 annas per every unit of $12\frac{1}{2}$ miles or part thereof for speech of each 3 minutes or part thereof |
| (ii) For distances in excess of 100 miles.                          | 2 annas for every unit of $12\frac{1}{2}$ miles or part thereof for speech of each 3 minutes or part thereof |
| (iii) For calls put through during certain specified hours at night | only half rates are charged  |

All the trunk rates in India excepting those for calls from the stations on the Delhi-Bombay and Delhi-Calcutta trunk have been based on the scale stated above. The charges for these latter are limited to Rs 5 per unit period of 3 minutes

4 The scale given in the previous paragraph was formulated with a view to attract traffic and were as low as was considered compatible with the requirement that they must on the whole cover the service afforded. The difference in favour of the long distance calls is again in accordance with the recognized commercial practice as is exemplified in the telescopic rates quoted by Indian Railways. The differentiation is not unjustifiable even on the score of the comparative cost of short distance and long distance speech. The cost of telephonic speech comprises of two main factors, the charges at the terminals and those in respect of the transit between the terminals. The terminals charges are proportionately heavier in the case of short distance calls than in those of the long distance ones

5 Considerations like those mentioned in the preceding paragraph in connection with the cost of trunk telephony apply in the case of the telegraph service the cost of which includes both terminal and intermediate charges. Theoretically speaking, therefore, the charges both for trunk telephone calls and telegrams should vary according to the distances traversed. This principle has been adopted, as stated above, in the case of trunk calls but in the case of telegrams the principle of uniform charge has been in force for a very large number of years

6 A compromise between charging for telegrams on the basis of distance and the simplicity of the uniform charge for the entire country is in force in various countries where the charges are based on a system of zones. Under this system the whole country is divided into a number of zones and the charge to be levied for a telegram depends on the number of such zones that are traversed. In view of the large distances in India the possibility of adopting a similar system for Inland telegrams was considered in great detail recently, but after careful consideration the conclusion was reached that the cost of working the zone system in the matter of assessing the charge and accounting for the same would quite likely be prohibitive as more highly trained and more numerous staff would have to be entertained.

7 As to the competition over short distances between trunk telephones on the one side and telegrams on the other, it may be mentioned at the outset that to a certain extent the two services operate under different conditions, meet different requirements, and cater for different classes of clientele. The exchange of telegraphic messages has the advantage of leaving a record of the messages interchanged, and of leaving the two parties free to attend to their other business while the messages are being interchanged by the Telegraph Department. In the case of a trunk call no such record is available and the two parties must be simultaneously attending only to the trunk call. On the other hand, a trunk call enables an interchange of ideas being effected between the two parties so that doubtful points in an important matter can be elaborated in conversation. It is considered that it is difficult, if not impossible, to evaluate the respective advantages and disadvantages of the system and that the selection as between a trunk call and the interchange of telegrams depends upon the requirements of the individuals and of the nature of the business.

8 It may be pointed out that this question of competition between telegraph and telephone systems is experienced in all administrations. In the "Hardman Lever" Committee's report on the British Inland Telegraph Service (1927), it was remarked that—

"the telegraph business is faced with peculiar difficulties. On the one side it has to meet competition from a telephone service of increasing favour, and this competition will become more and more severe as the telephone system grows, on the other side the Postal Service meets adequately many business and social requirements. A place has to be found for the Telegraph Service between these."

Further on in the Report it is remarked—

"The increase in (Telegraph) tariff in 1920 cannot be held responsible for the continuous decline since 1921 to the present day. The explanation is to be found partly in trade depression but mainly in the competition of the telephone service, which tends to kill the short distance telegraph traffic. During the period 1919—1926 the number of inland trunk telephone calls rose from 51,300,000 to 92,700,000 an increase of 80 per cent. The average distance of the inland telegram has steadily risen, and it now stands at about 160 miles. The Committee consider that with the growth to be expected in the telephone habit, which should be encouraged, this decline will continue."

\* \* \* \* \*

"Competition from the telephone service has already killed the short-distance telegram, and in practice, if a considerable portion of the traffic which remains were not to be diverted to the telephone, a distance charge would amount simply to discrimination against Scotland and Northern Ireland."

9 Exactly the same factors are operating in India, although owing to the undeveloped state of the telephone system the result has not yet been so marked as in other countries where telephone systems are more developed. The trunk rates have been fixed on a systematic basis following principles adopted in other countries with a view to producing the requisite revenue to meet cost and it is felt that any attempt to increase the short distance telephone rate would undoubtedly lead to a falling off in the use of the trunks and a nett decrease in revenue. It must further be remembered that the telephone undoubtedly tends to create its own traffic and it is apprehended that any decrease in telephone traffic would not be compensated by a corresponding increase on the Telegraph side. For longer distances the rates for telephone calls increase rapidly, it is frequently urged that the charges are much too high, and the two systems compete on their respective merits. It is most improbable that the provision of really long distance telephone facilities has affected telegraph traffic to any material extent.



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## APPENDIX XXI.

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## APPENDIX XXI.

Form for a Balance Sheet and Profit and Loss Account of railway collieries, furnished by the Railway Department (Controller of Railway Accounts) with reference to paragraph 13 of the Report of the Public Accounts Committee on the Accounts of 1928-29.

COLLIERY OF . . . . . RAILWAY

Balance Sheet as on . . . . .

Liabilities		Assets.	
I. Capital (Advanced by Government)		<i>Fixed Assets—</i>	
Rs			
Balance at the commencement of the year		I Land (Colliery lease)	Rs
<i>Add</i> withdrawals from treasury and credit adjustments during the year	Rs.	Net additions	Rs
<i>Less</i> remittances to treasury and debit adjustments during the year—		II Buildings—	
(i) Sinking Fund	Rs	(a) Residential	Rs
(ii) Other items	Rs	Net additions	Rs
		(b) Colliery	Rs
		Net additions	Rs.
II. Liabilities—		III Plant and Equipment—	
(1) For bills payable	Rs.	(a) Power Plant	Rs.
(2) Labour	Rs	Net additions	Rs
(3) Materials purchased	Rs	(b) Coke oven	Rs
(4) Rents, Royalties, Leases, etc	Rs.	Net additions	Rs.
(5) Other charges (to be specified)	Rs.	(c) Electric Plant	Rs.
		Net additions	Rs.



COLLIERY OF . . . . . RAILWAY.  
*General Trading and Profit and Loss Account for the year . . . . .*

Cr.

—	Quantity Tons	Rate per ton	Amount	—	Quantity. Tons	Rate per ton	Amount.
			Rs a p				Rs a p.
(1) To Opening Stock				(1) By Sale of Coal—			
(2) To Cost of coal transferred from Coal production Account				(a) To Railways—			
				E I R			
(3) To Supervision—				G I P R			
(a) Administrative charges				N W R			
(b) Pay of other officers and staff				E B R			
(c) Travelling Allowances				(b) To other Government Departments and Public			
(d) Contingencies				(c) Consumed in Colliery			
(e) Provident Fund and Gratuity contributions				(2) By Net profit as per			
(f) Leave and Pensionary contributions				Coke and other bye-products production and			
(g) Cost of Audit Staff				Profit and Loss Account			
Less—Proportion charged to bye-product Account				(3) By Miscellaneous Receipts			
Net Total				(4) By Stock of coal at the end of the period			

<p>(4) To Renewals and Repairs of Railway Sidings, Buildings and other Miscellaneous repairs .  <i>Less</i>—Proportion charged to bye-product Account .  Net Total ..</p>			
<p>(5) To Sinking Fund charges  (6) To Interest on Capital—  (a) Fixed assets—  <i>Less</i>—Proportion charged to bye-product Account  Net Total .</p>			
<p>(b) Floating assets—  <i>Less</i>—Proportion charged to bye-product Account .  Net Total .</p>			
<p>(7) To Loss on Bye-product Account .</p>			
<p>(8) To Net profit transferred to Balance-sheet .</p>			
	Total Rs.	..	Total Rs.

Dr.

Q.

	Amount.	Quantity	Rate.	Amount.
	Rs a. p.			Rs a. p.
(1) To Stock at commencement ..		(1) By Sales—		
(2) To Coal used in production ..		(a) Slack Coal ..		
(3) To Sulphuric acid ..		(b) Coke ..		
(4) To Creosote Oil ..		(c) Coal Tar ..		
(5) To Other Stores (to be specified)		(d) Sulphate of Ammonia ..		
(6) To Wages ..				
(7) To Proportionate cost of Power used ..		(2) By Stock at the end of the period—		
(8) To Fuel used ..		(a) Slack coal ..		
(9) To Proportionate cost of the pay of Manager, and other Supervisors ..		(b) Coke ..		
(10) To Renewal and Repair of Plant and Machinery ..		(c) Coal Tar ..		
(11) To Supervision ..		(d) Sulphate of Ammonia ..		
(12) To Interest ..				
(13) To General Charges ..		(3) By Loss for the year carried to General Trading and Profit and Loss Account ..		



COLLIERY OF . . . . . RAILWAY.  
*Coal Production Account for the year* . . . . .

Dr.	Cr.
—	—
Cost per ton produced (direct charges)	Amount
Rs a p	Rs a p
Quantity Tons	Rate per ton produced
Amount.	Total Rs.
<p>(1) To Wages—</p> <p>(a) Coal cutting . . . . . Rs.</p> <p>(b) Other under ground labour . . . . . Rs</p> <p>(c) Above ground labour . . . . . Rs</p>	<p>(1) By cost of Coal transferred to Coke and other Bye-Products Account</p> <p>(2) By Trading and Profit and Loss Account</p>
<p>2) To Coal (Colliery consumption)</p> <p>(3) To Explosives . . . . . Rs</p> <p>(4) To Timber . . . . . Rs</p> <p>(5) To Oil and Sundry Stores . . . . . Rs</p> <p>(6) To Boiler, Fuel and Power . . . . . Rs</p> <p>(7) To Rent, Royalties and Leases . . . . . Rs</p> <p>(8) To Salaries of Pit Manager, Engineer and other Supervisors . . . . . Rs</p> <p>(9) To Renewals and Repairs of Plant and Machinery . . . . . Rs</p>	<p>Total Rs.</p>



## APPENDIX XXII.

Memorandum regarding financial prospects of the Posts and Telegraphs Department, furnished by the Director General, Posts and Telegraphs, on the 30th November 1931, with reference to paragraph 38 of the Proceedings

[NOTE —Except where stated otherwise all figures in this memorandum are in thousands of rupees ]

This note dealing with the financial position of the Posts and Telegraphs Department has been prepared in compliance with the desire of the Public Accounts Committee expressed at its Third meeting held on Tuesday, the 24th November 1931

2 Attention is drawn in this connection to Financial Adviser's memorandum dated the 26th June 1930, which was submitted to the Public Accounts Committee last year and is printed at page 149 of the Report of the Committee on the Accounts for 1928-29. In that memorandum it was estimated that if revenue increases uniformly at the rate of Rs 20 lakhs *per annum* during the years succeeding 1930-31 and if certain claims against other Government Departments, etc, are settled as anticipated the Department will begin to pay its way in the year 1935-36. On a more optimistic assumption that the average annual increase in revenue will be Rs 25 lakhs *per annum* recovery was expected to take place a year earlier.

3 The following table shows the revenue, expenditure charged to revenue of the Department and the profit on the working of the Department, for each of the years 1925-26 to 1929-30 —

[In thousands of rupees ]

Year	Revenue	Expenditure charged to revenue of the Department	Profit (+) Loss (—).
1925-26	10,21,38	9,84,34	+37,04
1926-27	10,53,04	10,42,79	+10,25
1927-28	10,82,71	11,08,86	—26,15
1928-29	11,03,65	11,57,49	—53,84
1929-30	11,29,50	11,91 94	—62,44

From the figures given above it will be seen that during this period the average annual increase in revenue was Rs 27,00,000, while the average annual increase in expenditure was Rs 51,90,000

## EXPERIENCE OF 1930-31.

4 The following table gives similar figures, in thousands of rupees, for the year 1930-31 —

—	Revenue.	Expenditure charged to revenue of the Department	Profit (+) Loss (—)
Budget Estimate	11,50,85	11,99,30	—48,45
Actuals . .	10,77,16*	12,14,15*	—1,36,99

\* These figures are not final and are subject to slight alterations which occur generally at the time of the final closing of the accounts

5 It will be seen that the accounts for 1930-31 show a very heavy loss of more than Rs 1½ crores. This result was brought about by a great fall in departmental revenues which were less by 73,69 compared with the budget for the year and by 52,34 compared with the actuals for the previous year. On the other hand, expenditure exceeded the budget by 14,85 and the past year's actuals by 22,21. The redeeming feature of the accounts for 1930-31 is that the increase in expenditure was considerably less than the average yearly increase that had occurred in the period 1925-26 to 1929-30.

## EXPERIENCE OF 1931-32

6. The sanctioned budget for 1931-32 provided for a loss of 1,41,19 as shown below —

	(In thousands of rupees)
Revenue . . . .	10,96,05
Expenditure charged to Revenue . . . .	12,37,24
Loss . . . .	1,41,19

It will be noticed that the estimate of revenue provided for a modest improvement of Rs 19 lakhs compared with the actuals (which have become available only after the budget was sanctioned) for 1930-31. Events have proved that this forecast was too optimistic. The actual revenue realised in the first six months of the current year is 4,89,09 as compared with the forecast figure for the same period of 5,33,86. The figure for actuals includes a certain amount of increased revenue due to the enhancements of the rates charged for inland parcels and inland insured articles. Making allowance for this, the first six months show a fall in revenue of about Rs 6 lakhs a month as compared with the actuals for 1930-31.

7. An economy campaign had already been started in the Department last year and this was intensified with effect from the beginning of the current financial year. A surrender of 10,49 was also made in April from the sanctioned grant for current year's expenditure. The actuals of expenditure for the first six months of the current year are less than those for the corresponding months of the last year by about Rs 1 lakh per mensem.

8. If the decreases in revenue and in expenditure, compared with the last year, are maintained at the same rate in the second half of the current year the accounts for the current year would show a worsening by about Rs 60 lakhs as compared with the year 1930-31. So that the prospective loss on the working of the Department, but for various remedial measures, would be over 2 crores of rupees.

9. Three lines of action have been taken to deal with the financial situation of the Department. A committee was appointed to examine the basis of the Posts and Telegraphs accounts and its Report is now under the consideration of Government. The economy campaign was intensified and at the same time a special Retrenchment Committee to deal with Posts and Telegraphs matters was appointed. The *Interim* Report of this Committee and the orders of Government thereon are no doubt known to the Members of the Public Accounts Committee. As it was soon realised that these two lines of action will fail to bridge the widening gap between the revenue and expenditure of the Department, the entire postal and telegraph tariff has been re-examined and various increases have been either imposed or are under contemplation. The results of each of these lines of action are dealt with at greater length below.

#### ESTIMATE OF REVENUE.

10. The estimating of Posts and Telegraphs revenue is difficult enough in ordinary times in view of the various factors that have to be taken into account. It is rendered specially difficult in the current year because the effect of the increases in the rates on the volume of traffic cannot be forecasted with any certainty. It cannot also be said with certainty that the economic depression may not become even more acute for another few months. It will be realised, therefore, that any estimates of revenue either in the current year or in the next are at best highly speculative. Based on the six months figures it is hoped that the total revenue during the current year will amount to 10,79,00. This figure includes the yield from the various increases that have already been imposed as well as that from the increase in the inland postcard and letter rates provided for in the Emergency Finance Act. It also provides for an improvement of Rs 20 lakhs in the winter months as usual in the experience of the Department. The total yield from the increased tariff during the current year is 54,00. In a full year the increase in revenue is estimated at 1,26,00 and the gross revenue for 1932-33 may be estimated at present at 11,51,00.

#### ESTIMATE OF EXPENDITURE.

1931-32

11. As stated in paragraph 6, the sanctioned budget for Working Expenses and interest for the current year was 12,37,24. A surrender of 10,49 was made early in the year so that the reduced grant stands at 12,26,75, representing an

increase of 12,60 compared with the preliminary actuals for 1930-31. A scrutiny of the actuals for the first six months of the current year in conjunction with the actuals for the last six months of the past year indicates that a total saving of 15,34 may be expected as compared with the unreduced budget for 1931-32. This figure takes into account the results of the economy campaign alluded to in paragraph 7, but excludes the savings expected from retrenchment of personnel and reduction of pay from the cuts in pay, and also consequential savings.

12 As regards retrenchment, the Posts and Telegraphs Retrenchment Sub-Committee recommended immediate economies in the working expenses of the Department of the annual amounts shewn below —

(i) Contingent and other similar expenditure	5,07
(ii) Gross savings from abolition of posts, etc	11,33
(iii) Cuts in pay of existing staff	50,00
(iv) Pensionary contributions on (ii) and (iii) at 8 2 per cent	5,03

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The savings from contingent and other expenditure shown at item (i) above are included in the saving from the economy campaign which has been taken into account. Further, it has been decided by Government that cuts in pay of existing establishment will not affect the amounts of pension of the staff and consequently the saving under pensionary contribution shown at item (iv) will be considerably less. Lastly, some of the savings included under item (ii) above are still under the consideration of Government.

The total economies in a full year from the retrenchment proposals which have been accepted by Government but still remain to be carried out are as follows —

Gross savings from abolition of posts	7,13
Cuts in pay	50,00
Pensionary contribution	58
	<hr/>
Total	57,71

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Assuming that only three months savings will accrue in the current year and the full amount in the next, the gross saving will be 14,43 in the current year and 57,71 in the next. The net saving from retrenchment will be less because payments will be due to the retrenched staff as compensation. It is not possible at present to make any detailed estimates of this expenditure but for purposes of this note it will be sufficient to estimate it at Rs 2 lakhs in the current year and Rs 5 lakhs in the next. The net saving from retrenchment may, therefore, be estimated at 12,43 in the current year and 52,71 in the next.

13. The forecast for 1931-32 may be summarised as follows —

	Sanctioned unreduced budget, 1931-32	Forecast, 1931-32
Revenue .. .. .	10,96,05	10,79,00
Expenditure charged to departmental revenue	12,37,24	12,37,24
<i>Deduct savings from economy campaign</i>		15,34
<i>Further retrenchment</i>		12,43
Total savings .. .		27,77
Net expenditure .	12,37,24	12,09,47
<hr/>		
Profit+ } Loss — }	—1,41,19	—1,30,47

It will be seen that as a result of the various measures, for increasing revenue, and of economy and retrenchment, the anticipated loss on the working of the Department may be expected to be reduced by about Rs 11 lakhs

#### *Forecast for 1931-32*

14 In spite of economy certain increases in the expenditure of the Department are bound to occur. Increments have to be granted, and because of the revisions of pay sanctioned in the last few years it is to be feared that the pay bill of the Department has not reached a stable stage where the savings due to the retirement of the highly paid personnel are sufficient to meet the increased cost of increments. It has been stated earlier that the average annual increase in expenditure during the last four years was 51,90, but that it fell to 22,21 in the year 1930-31. A rough computation of the cost of annual increments places them at about the same figure. The savings from the general economy campaign, viz, 15 34 would, therefore, be absorbed by the inevitable increase in the pay bill due to grant of increments. As a first approximation, therefore, the working expenses, etc., during 1932-33 may be put down at 12,37,24. From this amount should be deducted the net savings estimated at 52,71 from a full year's effect of retrenchment so that the expenditure charged to departmental revenue may be forecasted at 11,84,53, the profit or loss on the working of the Department during 1932-33 will thus be —

Revenue .	11,51,00
Expenditure . . . . .	11,84,54
Net loss .. .. .	—33,54

## RECOMMENDATIONS OF THE POSTS AND TELEGRAPHS ACCOUNTS ENQUIRY COMMITTEE

15 No account has been taken in the various figures given so far in this note of the recommendations of the Posts and Telegraphs Accounts Enquiry Committee whose report is still under the consideration of Government. The results of their recommendations on the budget for 1931-32 have been given by the Committee in paragraphs 190-191 of their report. They estimated that if all their definite recommendations are adopted, the estimated loss of Rs 1,41,19,000 will be reduced to Rs 91,91,000. In other words, the commercial accounts of the Department would be improved by Rs 49,28,000. The amount of the improvement is in some cases based on the volume of unremunerative traffic. Assuming that the number of Press telegrams remains unaffected by the present depression and also that the loss of the Department on the handling of this traffic even after retrenchment has been effected remains the same, the same amount of benefit may be forecasted for 1932-33. The results of the commercial working of the Department during the current and the next years would then be—

	1931-32	1932-33.
Loss as shown in paragraphs 13 and 14	—1,30,47	—33,54
Adjust benefit from Accounts Enquiry Committee's recommendations	+49,28	+49,28
	<hr/>	<hr/>
Profit (+) or Loss (—)	—81,19	+15,74

It will thus be seen that, if all the definite recommendations of the Accounts Enquiry Committee are accepted by Government, the commercial account of the Department will show a profit of 15,74 in 1932-33 due to the re-adjustment of accounts, the enhanced tariffs, the economy campaign and the retrenchment proposals. This figure is perhaps too optimistic as it is based on the assumption that the increase due to increments and other inevitable causes will be covered by the results of the general economy campaign which will continue in force. If a lump provision of Rs 7 lakhs is made for this assumption proving incorrect, the profit for 1932-33 would be reduced to Rs 9 lakhs.

16 The factors affecting the revenue of the Department are so difficult of estimation that any attempt to forecast the results of the working of the Department in 1933-34 and subsequent years would involve a large number of arbitrary assumptions. It is expected that the saving of Rs 50 lakhs a year from the temporary cuts in pay of existing establishment would disappear in that year. There will also be a certain increase in expenditure though it is expected that by that year the salary bill of the existing establishment will have become stable and the disturbing effects of the revisions of pay sanctioned during the past few years will have passed away. On the other side it is not unreasonable to expect that the economic depression will also begin to show signs of amelioration and the revenues of the Department will begin their upward swing. Lastly, during the 16 months or so that remain between

now and April 1933, the recommendations of the Retrenchment Committee as regards future rates of pay will, if accepted by Government, begin to make their influence felt in a small way. Whether the savings in expenditure from the reduced scales of pay and the increase in revenue will be sufficient to cover the cost of restoring temporary cuts in the pay of existing establishments and other inevitable increases in expenditure is more than can be estimated at present, but it is perhaps not being unduly optimistic if it be assumed that the accounts for 1933-34 will show either a small profit or a small loss, though the latter is the more likely contingency. The year 1934-35 may perhaps be taken as the year of definite recovery, and a small profit may be expected.

17 It will be appreciated that in the disturbed economic conditions ruling at present all estimates are as likely to prove incorrect as correct.

18 With reference to the suggestion made at the meeting of the Public Accounts Committee, on the 24th November 1931, that it might be advisable to institute a further enquiry in connection with Posts and Telegraphs finances, I make the following observations.

19 As indicated by the Hon'ble the Chairman of the Committee, there are three steps obviously necessary in this connection, which as noted above have already been taken. *First*, to make sure that the accounts upon which we base our conclusions are correctly drawn up—this is the subject of the recommendations of the Posts and Telegraphs Accounts Enquiry Committee which is now receiving the attention of Government. *Second*, the adoption of all possible measures of retrenchment—this is being attended to in connection with the Report of the Retrenchment Advisory Committee. *Third*, the raising of additional revenue, which has already been arranged for by the adoption of revised postal and telegraph charges.

20 I understand, however, that what the Hon'ble the Chairman has in mind is the possibility of some further improvements (1) in the matter of *economies*, by the adoption of better methods of working such as may not naturally have engaged the attention of the Retrenchment Committee, and (2) by way of securing additional *revenue* in ways not so immediately obvious as by merely raising existing charges, for instance, by development of existing services (telephones ?), or the provision of new services.

21 With regard to this, which it is understood is what the Chairman was disposed to think might usefully form the subject of further enquiry, I suggest that, on the understanding that these further possibilities will receive my close attention with an open mind in consultation with the most experienced members of the Posts and Telegraphs staff, and that a report will be submitted to the Public Accounts Committee a year hence, it is desirable to suspend further consideration of the question of obtaining outside expert assistance.

22 I am authorised to add that the suggestion just made has the support of the Hon'ble Member in charge of the Department of Industries and Labour.





## APPENDIX XXIII.

**Memorandum comparing the total amount of votable and non-votable items of expenditure since 1925-26, furnished by the Finance Department on the 2nd December 1931 with reference to paragraph 10 of the Proceedings**

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In their first meeting held on Monday, the 23rd November 1931, the Public Accounts Committee desired to have a Memorandum comparing the total amount of votable and non-votable items of expenditure since 1925-26 to enable it to examine the suggestion that the total amount of expenditure submitted to the vote of the Assembly as compared with non-voted had been reduced during the last few years

2 A statement is appended (Annexure A) showing a distribution of the total expenditure (Civil excluding Posts and Telegraphs, Railways and Military) of the Central Government as between "Voted" and "Non-Voted" during the period 1925-26 to 1931-32. The figures have been entered in the statement (Annexure A) in the following three groups.—

(i) Expenditure charged to Revenue.

(ii) Capital expenditure not charged to Revenue

(iii) Disbursements of Loans and Advances

3 It will be seen that the voted expenditure charged to revenue has risen from Rs 16,09 lakhs in 1925-26 to Rs 19,18 lakhs in 1931-32,—the corresponding non-voted amount having fallen from Rs 28,54 lakhs to Rs 27,64 lakhs. The percentage of voted expenditure to the total has risen from 36% in 1925-26 to 41% in 1931-32

4 As regards expenditure charged to Capital, the voted amount has fallen from Rs 1,76 lakhs in 1925-26 to Rs 91 lakhs in 1931-32 and the non-voted amount risen from Rs 3 lakhs to Rs 11 lakhs. A statement giving details of the voted and the non-voted figures under the various heads, is appended (Annexure B). It will appear from this, that the apparent fall under "Voted" and rise under "Non-Voted" is due to wide fluctuations in the expenditure itself under the different classes

5 The vote under "Disbursement of loans and advances" is more or less formal. The variation is mainly due to transactions under the head "Provincial Loans Fund"

6 Taking the total figures the percentage of voted expenditure to the total has risen from 50 in 1925-26 to 51 in 1931-32

7 The Appropriation Accounts of the Accountant General, Central Revenues, give in each year any changes in classification from voted to non-voted and *vice versa*, *vide* paragraph 17 of the latest Appropriation Accounts, *i.e.*, for 1929-30, which refers to the classification of expenditure on residences of ecclesiastical officers as "voted" with effect from that year

## ANNEXURE A TO APPENDIX XXIII.

*Statement showing the distribution of the total expenditure (Civil excluding Posts and Telegraphs, Railways and Military) of the Central Government as between voted and non-voted during the years 1925-26 to 1929-30.*

Accounts	Expenditure charged to Revenue		Expenditure charged to Capital		Disbursements of loans advances		Total	
	Voted.	Non-voted.	Voted	Non-voted	Voted	Non-voted	Voted	Non-voted
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
1925-26	16,08,90,801	28,53,56,336	1,75,77,140	3,48,740	10,90,87,533		28,75,55,474	28,57,05,076
1926-27	17,31,74,124	27,49,90,792	1,34,09,557	12,70,871	8,50,11,531		27,15,95,212	27,62,61,663
1927-28	14,15,67,129	26,41,71,999	97,80,701	46,07,519	9,74,09,479		24,87,57,309	26,87,79,518
1928-29	14,46,60,309	26,19,85,137	1,72,77,404	12,14,053	14,30,21,524		30,49,59,237	26,31,99,190
1929-30	17,72,46,299	26,78,89,759	2,00,23,234	15,16,570	15,87,41,481		35,60,11,014	26,94,06,329
<i>Budget</i> 1931-32	19,18,17,000	27,63,56,000	91,43,000	10,63,000	9,15,70,000	.	29,25,30,000	27,74,19,000

## ANNEXURE B TO APPENDIX XXIII.

*Statement showing details of expenditure charged to capital during the years 1925-26 and 1931-32.*

	1925-26.		1931-32 (Budget).	
	Voted	Non-voted	Voted	Non-voted
	Rs	Rs	Rs	Rs
Construction of Irrigation, etc , works	—96,675		64,000	3,000
Capital Outlay on Vizagapatam Port	64,76,753		43,15,000	3,000
Initial Expenditure on New Capital at Delhi	95,57,444	3,48,740	21,63,000	3,09,000
Other works not charged to Revenue Capital Outlay on Security Printing Press	16,39,618	.	—3,94,000	..
Capital Outlay on Currency Note Press	..	.	5,000	..
Commuted value of pensions	.		29,90,000	7,48,000
	1,75,77,140	3,48,740	91,43,000	10,63,000



## APPENDIX XXIV.

**Note on the separate exhibition of the expenditure on the Commercial (Purchase, Inspection and Testing) and non-Commercial (Development of Industries) activities of the Indian Stores Department, furnished by the Chief Controller of Stores with reference to paragraph 139 of the Proceedings of the Public Accounts Committee relating to the Accounts of 1928-29.**

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The question of separate exhibition of the expenditure on development of Industries, educational and research work included in the activities of the Indian Stores Department has been examined in consultation with the Audit Officer, Indian Stores Department, and the Director of Commercial Audit

While it is recognised that it is impossible to divide the expenditure of the Department over its commercial and non-commercial activities accurately, an attempt has been made to meet the wishes of the Public Accounts Committee in the matter, by allocating the various items of expenditure over the two sections on the basis of proportions which have been fixed with due regard to the nature of work devolving on different sections of the Department. The basis of allocation settled in close and prolonged consultation with the Audit Officer, Indian Stores Department, and accepted by the Director of Commercial Audit, is explained in the following paragraphs

The Indian Stores Department is divided over the following eight main sections —

- (i) The Headquarters Administration Section
- (ii) The Headquarters Inspection Section.
- (iii) The Headquarters Purchase Sections
- (iv) The Headquarters Intelligence Section.
- (v) The Provincial Inspection Circles
- (vi) The Provincial Purchase Circles.
- (vii) The Government Test House
- (viii) The Metallurgical Inspectorate

Each section is dealt with below serially.

(i) *Headquarters Administration Section* — The Administration Section is responsible for the general control and supervision over the work of the remaining sections and the entire expenditure of this Section is distributed proportionately over the various sections as Headquarters Administration charge. No expenditure, therefore, appears under this Section in the Profit and Loss Account of the Department

(vi) *Headquarters Inspection Section* —The staff of the Inspection Section in the office of the Chief Controller of Stores, besides controlling the Provincial Inspectorates, the Government Test House and the Metallurgical Inspectorate, and assisting the Purchase Branches in their work by supplying drawings, specifications, standard samples and technical advice generally, devotes a considerable portion of its time to industrial development, some of its activities in this direction being standardisation and preparation of specifications to suit Indian manufacturers, offering technical advice to manufacturers and consumers, issuing technical publications and maintaining an exhibition of Indian products. It is estimated that at least 1/10th of the time of the Inspection Branch at Headquarters is devoted to work in connection with encouragement of Indian industries and is not directly connected with the business activities of the Stores Department, on which fees are earned. It has, therefore, been decided to allocate 1/10th of its total expenditure to the "Non-Commercial" section of the account and to include this amount in the non-commercial section of the Profit and Loss account of the Inspection Circles as a whole. The remaining 90%, which represents supervision of the Inspection Branch of the Department including the Government Test House and the Metallurgical Inspectorate, is distributed as Headquarters Charges in the accounts of the Provincial Inspectorates (commercial and non-commercial) Government Test House and the Metallurgical Inspectorate.

As an exception to the above arrangement, it has been decided to include the whole of the expenditure on the training of Probationary Assistant Engineers and on the Indian Branch of Consulting Engineers (which will be abolished on the 30th November 1931) in the non-commercial section of the account, as this expenditure is incurred in the interest of training of Indian candidates for employment in the Department and development of Indian industries, respectively.

(vii) *Headquarters Purchase Sections* —The officers of the Purchase Sections at Headquarters devote an appreciable portion of their time to interviewing representatives of firms and discussing with them technical details with the object of encouraging manufacture of stores of various descriptions in India. They also advise the Intelligence Section in the scrutiny of home indents and registration of firms. The subordinate staff is employed on such work to a much lesser degree. It has been decided to debit 10% of the expenditure on Gazetted staff to the Non-Commercial Section and the entire remaining expenditure to the Commercial Section. The Headquarters Administration charges debited to the Purchase Branch will be allocated over the commercial and non-commercial sections in the same proportion as the total of the commercial section (excluding cost of Audit and Accounts and Headquarters Administration charges) bears to that of the other section.

(viii) *Headquarter Intelligence Section* —This section deals with registration of firms, scrutiny of home indents, maintenance of copies of contracts placed by the Director-General, India Store Department, London, for comparison of prices, preparation of a bi-monthly list of stores indented for by Government Departments in India from abroad, calculation of comparative rates and maintenance of statistics and a library of books of reference and catalogues. Con-

considerable portion of this work relates to non-commercial activities of the Department and the following allocation has been arrived at —

	Adminis- tration	Intelligence Commer- cial	Non- Commer- cial
	Per cent	Per cent	Per cent.
Pay and allowances, etc , of the Deputy Director of Administration and Intelli- gence	40	40	20
Pay and allowances, etc , of the Assistant Director of Administration and Intelli- gence	90	1	9
All other items		66-2/3	33 1/3

As no separate Profit and Loss Account for the Intelligence Branch is exhibited in the Appropriation Accounts the Account of this branch is included in both the sections of the Purchase Branch

(v) *Provincial Inspection Circles* —

(vi) *Provincial Purchase Circles* —

As in the case of the Purchase Branch at Headquarters, more time of the Gazetted staff in the Provincial Inspection and Purchase Circles is employed on educational and research work than of the subordinate staff. It has, therefore, been decided to distribute the expenditure on the former staff in the proportion of 95% (commercial) and 5% (non-commercial) and on the latter in the proportion of 97½% (commercial) and 2½% (non-commercial)

The expenditure on technical equipment, cost of tests carried out at the Government Test House or the Metallurgical Inspectorate and the charges made by the Director-General, India Store Department, London, for inspections in the country of origin and by other authorities for inspections in India on behalf of the Stores Department, will be debited wholly to the Commercial Section

The expenditure on the remaining heads of account, viz , contingencies, petty works and repairs, interest, depreciation, Stationery and Printing and Headquarters charges, will be allocated in the proportion of 97½% (commercial) and 2½% (non-commercial)

It may be mentioned here that 1/6th expenditure of the inspection circles incurred in connection with departmental orders is transferred from the Inspection to the Purchase Branch, for technical advice rendered by the Inspection Branch in preparing specifications, settling tenders, etc. This expenditure has been treated as wholly commercial

(vii) *Government Test Houses* — It has been decided to treat the Government Test House, Alipore, as a purely service organisation to be maintained at the expense of the State on the lines of the National Physical Laboratory and the Chemical Research Laboratory in England. A debit and credit will

be taken in the account of the Test House for Headquarters supervision and for work done for the Department at the Test House, respectively, by *per contra* credit and debit in the accounts of the other organisations. The final net expenditure on the institution will be included in the Non-Commercial Section of the account. This decision it is understood is in accordance with the conclusion arrived at by the Stores, Printing and Stationery Retrenchment Sub-Committee on the subject.

The Test House at Bombay has been closed on the 19th October 1931. In the accounts for 1930-31 and 1931-32, 10 per cent of its expenditure under all heads will be treated as Non-Commercial and 90 per cent as Commercial. This institution was maintained chiefly for departmental purposes and has not, therefore, been treated as a Non-Commercial service organisation like the Government Test House, Alipore.

(viii) *Metallurgical Inspectorate*—Though assistance to Indian Industries is rendered by the Inspectorate in several directions, the proportion of its Non-Commercial activities is comparatively small. It has, therefore, been decided to treat the whole of the expenditure of this organization as "Commercial."

#### *Accounts and Audit*

The work relating to the audit payment and accounting of contractors' bills is wholly commercial. The Audit Officer, Indian Stores Department, has estimated that the establishment sanctioned for these items of work in the Audit Office is about 80 per cent of the total sanctioned strength for the work in connection with the Indian Stores Department as a whole. Eighty per cent of the total audit cost should, therefore, be distributed over the various branches under the commercial sections alone with reference to the direct expenditure under these sections and the remaining 20 per cent should be allocated to both Commercial and Non-Commercial Sections with reference to the direct expenditure under the two Sections. As a working arrangement it has been decided, on the suggestion of the Audit Officer, Indian Stores Department, to take 90 per cent of the total audit cost against the Commercial Section and 10 per cent against the Non-Commercial Section.

#### *Summary*

A statement summarising the conclusions arrived at is appended. (Annexure A\*)

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\*Also see Annexure B supplied by the Audit Officer, Indian Stores Department.



## ANNEXURE A TO APPENDIX XXIV.

Statement showing the distribution of the expenditure of the various organisations in the Indian Stores Department over Commercial and Non-Commercial Sections of the Department.

	Headquarters Inspection Branch		Headquarters Purchase Branch		Headquarters Intelligence Branch		Provincial Inspection Circles		Provincial Purchase Circles		Government Test House, Alupore		Government Test House, Bombay (Abolished)		Metallurgical Inspectorate	
	Com-mercial	Non-Com-mercial	Com-mercial	Non-Com-mercial	Com-mercial	Non-Com-mercial	Com-mercial	Non-Com-mercial	Com-mercial	Non-Com-mercial	Com-mercial	Non-Com-mercial	Com-mercial	Non-Com-mercial	Com-mercial	Non-Com-mercial
1 Pay of Officers—																
i Deputy Director of Administration and Intelligence (Intelligence Branch portion)					66½	33½										
ii Assistant Director of Administration and Intelligence (Intelligence Branch portion)					10	90										
iii Probationary Assistant Engineers	100															
iv Other Officers	90	10	90	10			95	5	95	5					100	
2 Pay of establishment .	90	10	100		66½	33½	97½	2½	97½	2½	100	100	90	10	100	100



9	Contingencies	Included under Administration.		97½	2½	97½	2½	100	90	10	100	.
	Petty works and repairs			97½	2½			100	.		100	..
10	Interest on Capital outlay	Included under Administration		97½	2½			100	90	10	100	
11	Depreciation on Capital outlay	Included under Administration		97½	2½			100	90	10	100	.
12	Share of Headquarters Administration charges	90 10 In the proportion of other items except audit	66⅔	97½	2½	97½	2½	100	90	10	100	.
13	Share of charges of Inspection Circles debited to Purchase	100		100								
14	Cost of Audit and Accounts											
15	Stationery and Printing	Included under Administration		97½	2½	97½	2½	100	90	10	100	**
16	Services rendered by Government Test House and Metallurgical Inspectorate	90 10 100	66⅔	100		100						

\* 90 per cent. of the total expenditure to be divided over commercial sections and 10 per cent over non-commercial sections in the proportion of direct expenditure of each

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# ANNEXURE B TO APPENDIX XXIV.

Profit and Loss Account of the Indian Stores Department for 1930-31, furnished by the Audit Officer, Indian Stores Department

Serial No	Particulars	Com- mercial	Non-Com- mercial	Total	Serial No	Particulars	Com- mercial	Non Com- mercial	Total
1	To pay of officers	Rs 6,26,924	Rs 1,31,370	Rs 7,58,294	1	By recoveries on account of fees for tests, inspections, etc, made from Government Departments, Railways, Private firms and Individuals	Rs 6,95,298	Rs 1,05,736	Rs 8,01,034
2	To pay of establishment	5,68,371	1,53,766	7,22,137	2	By 1 per cent inspection charges	3,70,761		3,70,761
3	To allowances	1,99,523	30,022	2,29,545	3	By 1 per cent purchase charges	4,52,794		4,52,794
4	To Grants-in aid	3,975	470	4,445	4	By miscellaneous receipts	35,067	945	36,012
5	To Supplies and Services	1,00,645	45,037	1,45,682	5	By charges for tests, etc, made on behalf of other branches of the Department	10,021	73,114	83,135*
6	To Contingencies	93,141	24,145	1,17,286	6	By net loss for the year	5,93,428	3,39,173	9,32,601
7	To Petty Construction and ordinary repairs	6,853	3,441	10,294					
8	To leave salary and overseas pay paid in England	64,562	19,800	84,362					
9	To pensionary charges	75,163	12,095	87,258					
10	To Government contribution to Provident Fund	40,300	9,531	49,831					
11	To Interest on Capital Outlay	28,707	37,595	66,302					
12	To Depreciation charges	15,195	13,348	28,543					
13	To Stationery and Printing	35,108	6,517	41,625					
14	To cost of audit and accounts	2,22,838	24,760	2,47,598					
15	To services rendered by other branches, etc	76,064	7,071	83,135*					
	Total	21,57,369	5,18,968	26,76,337		Total	21,57,369	5,18,968	26,76,337

\*The figures cannot be eliminated from both the sides as the branches carrying out the tests have been treated as wholly non commercial (Government Test House, Calcutta), wholly commercial (Metallurgical Inspectorate), and partly commercial (Government Test House, Bombay), while the branches served have been treated as partly commercial

Total	Rs 1,44,228
Government Test House, Alipore (Gross)	3,74,740
Government Test House, Alipore (Net)	1,94,945
Total Indian Stores Department—	
Gross	5,18,968
Net	3,39,173

## APPENDIX XXV.

Note containing instructions as to how to interpret, and what points to look for in, Railway Statistics, furnished by the Railway Department with reference to paragraph 14 of the Report of the Public Accounts Committee on the Accounts of 1928-29

1 These remarks may be suitably prefaced by a quotation from an article on "Practical Railway Operation" by Mr T Bernard Hare, who said —

"It is most important to review systematically the different aspects of railway operation to discover whether fresh and more efficient methods of working can be substituted for those hitherto accepted as satisfactory. The selection of the correct method of setting out the case is of paramount importance. If the facts can clearly be represented so that their proper relation to each other may be appreciated, even though their respective values cannot be reduced to a common denominator, the indication of the correct course of action is often apparent. For some, the graphical method seems almost ideal, for others, a comparison of the theoretical 'possible' with the 'actual', in a few cases a purely statistical analysis is sufficient, though as a rule, owing to the difficulty of bringing the whole of the different factors into whatever figures may be chosen as unit, the statistics available do little more than indicate the places where further investigation might bear fruit and necessitate some other method for the investigation proper."

2. Two broad lines of investigation may be followed, though even these overlap—firstly what transport has been dealt with, and secondly how efficiently has it been handled

3 After considering the total volume of traffic, both coaching and goods, it is sometimes important to get down to details. In the case of coaching, main line and suburban traffic differ so widely in respect of the average distance travelled per passenger that a large percentage drop in suburban passenger traffic might not make a very appreciable falling of in the total passenger receipts, whereas a drop in the mainline traffic would probably be reflected by an almost equal percentage decline in the total earnings

4 Statistically a main line passenger is of greater relative importance on account of the higher rate of average receipts which he represents

5 So also the proportions of I, II and III class passengers should be examined and the average distance travelled by each class.

6. It might be found that 90 per cent of the I class passengers travelled over 300 miles while 90 per cent of the III class passengers travelled less than 30, so that the passenger miles per passenger would be much greater for the passengers paying the higher rates of fares.

7 Similarly for goods traffic, the proportion of the total traffic represented by each main commodity must be considered, and more particularly whether any heavy decline has occurred in goods which normally move in full wagon loads and over long distances. It is useful to note how a falling off in the average wagon load affects the results of operation.

8 For instance, a combination of good operating factors might lead to a marked reduction in the coal consumption in relation to the total work done, *i e*, per 1,000 gross ton miles, but still the consumption per 1,000 net ton miles and consequently the cost of coal in relation to the amount of revenue earning freight handled might still be the same, as, or even more than, it was before.

9. The proportion of loaded to empty wagons would have a similar effect.

10 The investigation of the statistics of the operating factors themselves rather than of the final results is more useful for seeing where improvements have been made or where perhaps further improvement is possible.

11 The chief points to look for here are the use which has been made of locomotive power and of rolling stock and the efficiency with which they have been handled.

12 These aspects are brought out in many ways but among the most important figures are those which show the number of engines, vehicles and wagons on the line or in use daily and the number of engines available for use and in good repair stored.

13 The next important thing is to see what use has been made of these units of transportation, how many miles a day they have run and how many tons (or passengers) a day they have either hauled or carried.

14 There are many figures which indicate these results but the simplest are naturally —

Engine	} miles per day per	{	Engine	} on the line or in use
Vehicle			Vehicle	
Wagon			Wagon	

Net	} ton miles per	{	Engine	} day
Gross			Wagon	

Passenger miles per vehicle mile

15 Another very instructive factor to watch is the coal consumption in relation to work done, and in this connection the words of the President of the Rio Grande Western Rail-Road are interesting and valuable. He said —

“Fuel consumption is the best index I can find to show the degree of operating efficiency enjoyed by a rail-road. And the reason for this is that every operating improvement virtually is reflected in a saving in fuel. If you improve your roadbed, and maintain it in good condition, the results will show in fuel economy. If your locomotives are kept up to a high standard, the saving in coal is accordingly reflected. Likewise, the efficiency of train crews may be translated into dollars saved in fuel conservation.”

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## APPENDIX XXVI.

Memorandum regarding cost of acquisition and preparation of the Chittagong landing ground, furnished by the Director of Civil Aviation on the 1st December 1931 (*vide* paragraph 124 of the Proceedings).

The figures relating to the acquisition and preparation of the Chittagong landing ground required by the Public Accounts Committee are as follows —

		Rs	
Acquisition	.	59,227	} Estimated
Preparation	.	1,54,059	
Buildings	.	4,959	
		<hr/> 2,18,245	

2 The expenditure has been incurred in the financial years shewn below —

		Rs	
1929-30	.	52,386	Actual
1930-31	..	90,983	Subject to adjustment
1931-32	—	75,364	Subject to adjustment
		<hr/> 2,18,733	Subject to adjustment of accounts for 1930-31 and 1931-32

3. The work is on the point of being completed





## APPENDIX XXVII

**Memorandum by the Auditor General on the Report of the Railway Retrenchment Sub-Committee in so far as the Report relates to Railway Audit and Accounts.**

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The Government of India in making their recommendations to the Secretary of State on the proposals of the Retrenchment Sub-Committee which dealt (in the main) with Civil Accounts and Audit, forwarded a memorandum in which I expressed my views on the proposals in question, and the Secretary of State in replying has said that, as the Auditor General considers that the adoption of the Government of India's recommendations is compatible with efficiency, he accepts them. I assume the Government of India will follow the same procedure in the case of Railway Audit, and I have accordingly the honour to submit in this memorandum my views on the proposals of the Railway Retrenchment Sub-Committee relating to that subject. For obvious reasons it will be necessary for me to touch here and there on proposals which have been made by the same Sub-Committee in regard to Railway Accounts. It is common knowledge that requirements in the matter of audit must depend amongst other things on the efficiency of the connected accounts organisation in its three main functions of —

- (a) Accounting,
- (b) internal check (implying responsibility to the Finance Department),  
and
- (c) reporting to the Legislature

2 My present position is that I must dissent very strongly from the specific recommendations of the Railway Retrenchment Sub-Committee which it has put forward as its first alternative means of reducing expenditure on audit to the extent which the Sub-Committee considers to be necessary on financial grounds. I will give, later in this memorandum, my reasons for this attitude, but it is desirable that I should first of all comment on certain points taken by the Sub-Committee in its general discussion of the accounts and audit problem presented to it.

3 The greater part of the general discussion in question is unexceptionable from my point of view, and the conclusions generally follow the technical evidence given. There are, however, certain passages in this part of the report which it is necessary for me to criticise.

In the first place the Committee observes as follows —

“We are somewhat puzzled as to the doubts expressed by the Auditor General (in regard to the efficiency of the Railway Accounts Offices) when we remember that, of the accounts staff on the five Railways under State management at present, about half, \*  
\* \* \* had been—and that not a long time ago—under his control, and that on the rest though the staff had been under a Railway Company he had been satisfied with a much smaller amount of audit at the time.” The Committee continues in

regard to the Military Accounts Department "he (the Auditor General) seems to have more confidence in an organisation like the Military Accounts Department which was never under his control than in an organisation half of which has passed from his control in the recent past, and can be assumed to have retained in a large degree their general outlook on the activities of the railway"

If I may say so, the Committee had at any rate no cause to be *puzzled*

\* \* \* \* \*

In my evidence I gave my reasons, as I thought quite definitely

*	*	+	+	*	*	*
+	*	+	+	+	*	*
+	+	+	*	+	+	*
*	*	*	+	*	*	*
+	+	*	+	+	+	*
+	*	+	*	*	*	+
+	+	*	*	*	*	*

In judging of the sufficiency of an accounting organisation to meet the requirements of the present constitution it appears to me that there are two main points on which it is necessary to have a solid assurance, namely,—

- (1) that in its function of internal check the accounting organisation is trained both to be technically efficient, and to be independent in its criticism of irregularities in the financial administration of the expenditure and revenue for the accounts of which it is responsible,
- (2) that in the accounting organisation the arrangements from top to bottom, including for example, the Controller of Railway Accounts and his staff and also the Chief Accounts Officers of individual Railways, are so designed as to be able to provide a critical and informative analysis of the Appropriation Accounts of Railways as a whole

In propounding the above, I take as my hypothesis that the Legislature must continue to have the means of financial control on which it has so far explicitly insisted, and which hitherto it has been the policy of Government to furnish. I believe I am right in saying that the Financial Commissioner himself acknowledges that if the expenditure on Railway Accounts and Audit were curtailed to the extent proposed by the Retrenchment Sub-Committee it would not be possible in future to give the Legislature quite the same assurances, facilities and information as in the past, and that his inclination would be to raise the issue whether it would not be proper for the Legislature to abate its requirements in this matter in favour of securing a substantial reduction in direct outlay on accounts and audit, and on a general assurance being given that in actual fact the financial interests of Government would

be safeguarded by economical administrative arrangements. Here again I would ask the Government of India in considering this point to refer to the passages in my letter on the Railway Appropriation Accounts for 1929-30 which I have already quoted.

4 In a passage which I have already reproduced, the Retrenchment Sub-Committee makes the statement that the Auditor General had in the past been satisfied with a much smaller amount of audit of accounts when the accounts were under the control of a Railway Company. The Retrenchment Sub-Committee also observes "even the present extended audit on Company-managed lines is very much less extensive than the audit on State-managed lines, and everybody is agreed that if the two should be differentiated it is in the case of the State-managed lines that less extensive and intensive check can be permitted in view of the fact that, in some respects at least, the interests of the Company under whose orders the accounts staff are, are divergent from the interests of Government, on whose behalf the test audit is conducted." It is not in fact correct to say that the Auditor General in India had been satisfied with a much smaller amount of audit. The extent of the audit in question was prescribed originally by the Government of India at a time when the Auditor General in India did not exist, and when his precursor, the Comptroller General, had not the statutory responsibility for the efficiency of audit which now is imposed upon the Auditor General in India. Actually my predecessor, the first Auditor General in India under the present reformed Constitution, held definitely the view that the old proportion of audit of the accounts of Company-managed Railways was inadequate. He recommended, and the Government of India and the Secretary of State sanctioned, the scheme known as the scheme of extended audit on Companies' Railways which is now in force as an experiment. The experiment has not yet sufficiently advanced to enable a considered judgment to be arrived at regarding the merits and the necessity of the more extensive audit, and for the present all that can be said in regard to this matter is that it has not been proved whether the extension of audit has been justified or, on the other hand, is adequate to the public requirements involved.

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6 In the discharge of my responsibility for the efficiency of audit, I consider that Railway audit under the present Constitution, must be such as will fulfil the following conditions namely —

- (a) The audit of individual financial transactions and of the processes and procedure of accounting must be sufficient to give the Auditor General himself a reasonable degree of assurance that the financial administration of all the Railways is in all reasonable probability being conducted correctly and regularly over the whole field
- (b) The Auditor General must be placed in a position to certify conscientiously that all reasonable steps have been taken to ascertain that the whole Railway Account is a correct account properly prepared and presented

- (c) The Auditor General as a result of his audit must be able to present a reasonably adequate report on the Appropriation Accounts and the results of Appropriation Audit

Of course, if the standard of the requirements of the Legislature is abated the position would be changed. But assuming present requirements to continue I have no hesitation in saying that with the audit staff which would remain after carrying out the recommendations of the Sub-Committee, and with the concomitant weakening of the accounts organisation which would result from an acceptance of the simultaneous recommendations of the Sub-Committee under this head, it would be impossible for the three conditions which I have stated to be fulfilled.

I do not think it is necessary for me to discuss this aspect of the matter at much greater length, but I think it is desirable that I should give two specific illustrations of the objection which I have here endeavoured to present. In the first place the Sub-Committee recommends "as regards the arrangements for audit on individual railways, we consider that the best suggestion is to substitute for the present system of concurrent audit a periodical test check on the basis of every Railway being fully inspected once in 18 months or two years". Under such a system of audit, what sort of audit certificate applicable to the Railway Accounts as a whole could the Auditor General be expected to give when the accounts of certain whole railway systems had not been subjected to any form of audit during the period under report, the Railway account being an *annual* account?

In the second place, the Sub-Committee says "The work of compilation of accounts does not, in our opinion, require an officer of the status of the Controller of Railway Accounts. We think it can be done in the Railway Board with an additional Deputy Director of Accounts and a small staff working under the Director of Finance". It is in my opinion contrary to sound principles of accounts organisation for the head of the organisation to be a mechanism or a Secretariat, and not an individual with a clearly defined personal responsibility. It also appears to me to savour of unreality to assume that the duty of the central accounts organisation can be confined to compilation pure and simple. But these things apart, it seems to me to be inevitable that compilation carried out under the arrangement suggested by the Sub-Committee could only be mechanical compilation and could not provide for (a) adequate presentation of accounts to the administrative authorities or (b) informative presentation of Appropriation Accounts to the Legislature. And, as I have pointed out in my letter of the 30th of June on the Railway Appropriation Accounts for 1929-30, adequate information on Appropriation Accounts cannot be provided by audit alone, in the absence of proper presentation by the Chief Accounting Officer.

7 My next point is really implicit in certain of my preceding observations. But it seems to me to be important to give further prominence to the probability, as it appears to me, that the recommendations of the Sub-Committee regarding Railway Audit combined with those regarding Railway Accounts would in general promote the tendency which exists of widening the gap between the Railway Administration and the financial control of the Finance

Department (Ordinary Branch) and of the Assembly. If I remember rightly, in dealing with the last reorganisation of the Railway Board, the Secretary of State was definite in holding that while the Financial Commissioner, Railways, should act on behalf of the Finance Member in supervising Railway Administration on the financial side, this arrangement should not derogate from the constitutional responsibility of the Financial Secretary. So far as I am aware, this direction of the Secretary of State still holds good and this is why I have referred to the *financial control of the Finance Department (Ordinary Branch)*. There has certainly in the past been a body of opinion in the Public Accounts Committee which feels that the tendency to which I have referred has been growing unduly, and is dissatisfied with the position. The recommendations of the Sub-Committee would undoubtedly have the effect of bringing the accounts organisation on individual railways more under the Agent and less under the Financial Commissioner than is the case at present. In other words, communications with the Central Finance Department would to some extent be interrupted. On the other hand, the weakening of the strength of the accounts and audit organisations would, as I have already shown, diminish the facilities for control which at any rate the Legislature at present possesses. These briefly are the main circumstances which form the basis of the proposition stated at the commencement of this paragraph.

8 It is not essential that in this memorandum and, in view of the recommendation which I myself propose to make, it would not be suitable to discuss here at any length the various constructive suggestions which the Sub-Committee has made for the organisation of the reduced audit organisation which it had in mind. I must, however, refer to the proposal to abolish the post of Director of Railway Audit. I have already said, in my memorandum discussing the proposals of the Civil Accounts and Audit Retrenchment Sub-Committee, that it would be impossible to abolish the post of Director of Railway Audit so long as the accounts of the Railways in India have to be reported upon collectively by the Audit Department. This, of course, is not the only reason. I could not in fact agree to the proposal in any circumstances. Even if it be assumed that the functions and responsibilities of the Auditor General in India should in course of time become the same as those of the Auditor General in England, that is to say that the Auditor General becomes the head of a department responsible for nothing but external audit, and were given as he would be the necessary staff of Directors of Audit, Assistant Directors and so forth, I would at once allot one of the Directors wholly to the charge of Railway Audit. No other arrangement would meet the practical necessities of the case. The Retrenchment Sub-Committee itself recognises that for the co-ordination of audit procedure and the compilation of the Report on the Appropriation Accounts it would be necessary, if the Director of Railway Audit ceased to exist, to add a Gazetted officer to the office of the Auditor General. This would, in my opinion, be an unsuitable, unpractical and uneconomical arrangement. An Audit Report prepared under such circumstances would be a mechanical compilation, and the arrangement would be open to the same objection as that which I have to the method of compiling the substantive Appropriation Accounts which the Sub-Committee has correspondingly recommended. If there is to be a gazetted officer giving his whole attention to Railway Audit, as I submit there must be not only must he be an officer of high status and responsibility, his charge must

be very largely an executive one and he should not be merged in the administration section of the audit machine. The principal officer in a Railway Audit Department must essentially visit subordinate Railway Audit Offices; he must be in immediate touch with actual work; he must direct and control audit, and give to the Auditor General information which cannot be conveyed by correspondence from a distance.

9 I recognise fully and clearly the present financial necessities of Government and I think I have given proof of this in every other discussion which has so far taken place in the recent past regarding retrenchment of audit activities. In the present case, however, with the whole position of Government clearly before me, I am compelled to maintain the view which I expressed to the Committee that essentially the first step for Government to take is to agree that Mr A. C. Badenoch, while he is Director of Railway Audit during this cold weather, should investigate methodically and scientifically how the separated audit of Railway expenditure and receipts can be safely limited and to what points a limited audit can best be directed. It may be desirable for Government to require the matter to be investigated on two alternative assumptions, *viz*,

(a) that the Public Accounts Committee and the Legislature must continue to receive the information and facilities which they receive at present,

(b) that the Public Accounts Committee and the Legislature will abate substantially their requirements in this matter

As I have already explained in my letter on the Railway Appropriation Accounts of 1929-30, the problem is really a new one. We have no long experience of the theory and practice of the separated audit of Railway expenditure and receipts, and such experience as we have has not yet been searchingly examined and analysed. I am convinced that the course which I suggest is the best course to adopt, and I cannot see how there could be any objection of real weight to suspending judgment on these particular recommendations of the Sub-Committee for a relatively short time in order that we may have something more solid to go upon.

I would suggest in addition that the questions which I have raised, and particularly those concerning the Legislature, might be submitted to the Public Accounts Committee for consideration during their session at the end of this month, in combination with my letter on the Railway Appropriation Accounts for 1929-30. The latter will in any case be laid before the Public Accounts Committee and will in itself evoke a discussion of the main questions of principle involved. In this connexion, I venture to submit that it would not be correct for Government without the full cognizance of the Legislature to take a step which would involve a large deprivation of the facilities which the Public Accounts Committee and the Legislature have hitherto enjoyed or have been supposed to enjoy. But whatever view Government may take of this aspect of the matter it would be impossible for me to accept responsibility myself for the efficiency of audit reduced to the extent assessed by the Retrenchment Sub-Committee on, as I have said, an arbitrary basis.

10 It only remains to touch upon the alternative proposal which the Retrenchment Sub-Committee itself has put forward. If Government must have savings on a large scale on Railway Audit and must take an immediate decision in the matter, then as a sounder alternative I would advise the reversal of the separation of accounts from audit on Railways. This is a step which, as Government now know, is supported by a large body of opinion amongst experienced accounts and audit officers in this country, and it was actually advocated by another of the present Retrenchment Sub-Committees—that dealing with Civil Accounts and Audit. In taking this step Government would lose the advantages of having the accounts associated directly with the Administration which the Retrenchment Sub-Committee has described very fairly, and which I myself recognised in giving evidence before the Sub-Committee. On the other hand, by returning to the combined system of accounts and audit Government, from the point of view of maintaining the degree of financial control which is generally regarded as necessary in the case of public expenditure, would be taking essentially a safe course which would at the same time yield the maximum economy in direct costs.

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## APPENDIX XXVIII.

Statement showing the action finally taken by the Government of India on the report of the Committee of Enquiry on the Kangra Valley Railway furnished by the Railway Department on the 21st December 1931 (*vide* paragraph 20 of the Report and paragraph 199 of the Proceedings)

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The report (not printed here) embodying the results of the investigations made by the Committee of Enquiry into the whole question of the excesses over the estimates prepared in connection with the construction of the Kangra Valley Railway was placed before the Secretary of State for India, together with the observations of the Government of India thereon

2 After careful consideration of all matters pertinent to the case, the Secretary of State expressed himself in agreement with the view of the Government of India that the initial and principal mistake lay in the commencement of the project on the basis of inaccurate and inadequate data

3 As, however, most of the officers chiefly responsible had since retired from service, the Secretary of State was of opinion that no useful purpose would be served by censuring them, and that to single out individuals from among those who remained, and who were only in a less degree responsible, would be an invidious distinction which he was not prepared to make

While, therefore, he was gravely concerned at the excesses over the original and subsequent estimates, he did not, in the circumstances, propose to apportion the blame or to pursue the matter further

(At the request of the Secretary of State a communication in this sense was made to Colonel Walton, the Agent of the North Western Railway)

4 The Secretary of State expressed satisfaction at learning that the Rules for the preparation of Railway projects had since been altered by the Railway Board, and trusted that any repetition of so unfortunate an experience would be avoided thereby.

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## APPENDIX XXIX.

**Note regarding the present system of consideration of Military Appropriation Accounts by an *ad hoc* Committee and the functions of the Public Accounts Committee in relation to those Accounts, furnished by the Finance Department on the 15th January 1932 with reference to paragraph 200 of the Proceedings.**

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At the meeting held on Saturday, the 5th December 1931, the Public Accounts Committee asked for a note showing how the present system of consideration of the Military Appropriation Accounts by a special Committee was evolved and what the proper functions of the main Committee were in regard to those Accounts

2 Rule 51 of the Indian Legislative Rules, which were made in 1920 under section 67 (1) read with section 129-A of the Government of India Act, provides for the constitution of a Committee on Public Accounts for the purpose of dealing with the appropriation accounts of the Governor General in Council and the report of the audit officer thereon and such other matters as the Finance Department may refer to the Committee. In the early stages of the issue of the audit and appropriation accounts (as the appropriation accounts, etc., were then called, and were also described as such in original rule 51) relating to military expenditure it was held by the Government of India that a Committee of the Legislative Assembly, such as the Public Accounts Committee, could not be called upon to deal with matters relating to irregularities in military expenditure, as the parent body itself, viz., the Assembly, was not empowered to vote that expenditure. It was, however, felt that while the Public Accounts Committee could not control military expenditure through the indirect channel of audit and appropriation accounts, there was some advantage in placing the Committee in full possession of accounts, etc., relating to military expenditure, and giving it opportunities and facilities for instructing itself in regard to it, so that if at some future date it did become the duty of that Committee to scrutinise military expenditure it would be able immediately to step into that duty. As a matter of fact, the Public Accounts Committee that met in 1923 considered the "audit report on the Army, Marine and Military Works Accounts" for the year 1921-22, with the assistance of the Financial Adviser Military Finance, and the Military Accountant General, and the Chairman prefaced the discussion with the remark that in dealing with the report the Committee was dealing with non-voted expenditure. Besides, a few cases relating to military expenditure had already been referred by the Government of India to the Public Accounts Committee at the instance of the Auditor General, under the proviso to rule 14 of the old rules regarding the Auditor General in India, issued in January 1921, which provided for the withdrawal of certain audit objections by the Auditor General or the principal auditor on the Finance Department undertaking to report the cases to the Public Accounts Committee.

3 In May 1924, the relations between the Auditor General and the Military Accounts Department with particular reference to the preparation of the annual appropriation and audit report on military expenditure were discussed

departmentally. It was agreed, among other things, that so long as military expenditure continued to be non-voted, the Auditor General's report should be submitted to the Secretary of State, but that copies should be placed before the Public Accounts Committee for their information only. It was held that that Committee could not have the powers of scrutiny and examination of witnesses as in the case of voted expenditure, in which they had well-defined powers of enquiry. At the same time it was considered very desirable that the Auditor General's report on military expenditure, with the Appropriation Report on which it was based, should be subject to some definite and responsible examination and Sir Basil Blackett, the then Finance Member, undertook to arrange for the examination of the reports by a committee of a departmental character under the Finance Department. This discussion laid the foundation of what subsequently came to be known as the *ad hoc* Committee. Thus, while the military audit and appropriation accounts for the years 1921-22 and 1922-23 were submitted to the Public Accounts Committee direct, such accounts for the year 1923-24, with Auditor General's comments thereon, were scrutinised by a special departmental committee, in the first instance, composed of the Finance Member, the Financial Secretary and the Army Secretary (the Army Secretary was replaced by the Controller of Civil Accounts in 1929). The report of this *ad hoc* Committee was then placed before the Public Accounts Committee whose position *vis-a-vis* Military Appropriation Accounts, as then understood, can be judged from the following quotations —

*Paragraph 65 of Public Accounts Committee's Report on the Accounts of 1923-24 —*

"In perusing the Audit and Appropriation Reports on the Army Accounts for 1923-24 and the Auditor General's observations thereon, we were considerably assisted by the labours of the Departmental Committee appointed this year by the Government of India to examine the said reports."

Nevertheless, the Committee feel it incumbent on them in the exercise of their general powers of dealing with and scrutinising the whole of the Audit and Appropriation Accounts of the Government of India, to offer a few general observations on the Army Accounts for 1923-24, in the hope as expressed by the Departmental Committee that 'the publicity given thereby to the observations of the Auditor General and of ourselves within the Army would, as in civil administration, be salutary'."

*Speech made by Sir Basil Blackett in the Assembly on the 15th February 1926, in connection with the motions for Demands for Excess Grants*

"I do not think however that he (Mr Rama Aiyangar) is justified, or Mr Rangaswami Iyengar is justified, in saying that this Committee's (Public Accounts Committee's) powers have been curtailed. I have been I think Chairman of this Committee ever since it first came into being in 1923, and I have done my very best to secure that although, constitutionally perhaps, voted

expenditure is the only sort of expenditure in which this Committee is very directly concerned, it should have and has had the opportunity of scrutinising the non-voted expenditure, of examining my friend, Mr Sim, on the non-voted expenditure, of examining the military expenditure, I agree that it has not been possible to allow it to go in the same detail into the non-voted expenditure as into the voted, but I have always done my best to err on the side of allowing it to extend the scope of its enquiries rather than restrict it, and I am sure those who have sat with me on the Committee will do me the justice to agree that this is so "

4 In 1926, the constitutional position of the Public Accounts Committee was threshed out by the Finance Department with the Auditor General and the Legislative Department in pursuance of the question of the competency of that Committee to deal with matters relating to receipts, raised by the Committee in paragraph 38 of its report on the accounts of 1923-24. The conclusion reached was that the Committee was entitled to offer, in its report, criticisms and recommendations upon any matter discussed in the audit and appropriation reports or in the Auditor General's forwarding report, whether such matter concerned the accounts of expenditure, voted or *non-voted* or those of receipts.

5 Before the Public Accounts Committee met in 1926 to examine the appropriation accounts of 1924-25, it was fully recognised as a result of the developments, referred to above, that the Military Appropriation Accounts and connected documents could, under rule, be submitted direct to the Public Accounts Committee for *detailed* scrutiny but it was felt that that did not debar the Government of India from continuing to depend upon the *ad hoc* Committee for a preliminary sifting of those Accounts—an arrangement which in view of the highly specialised and complicated nature of much of the material had been found to possess considerable advantages.

6 Thus constitutionally, the Military Appropriation Accounts stand on the same footing as the other Appropriation Accounts, so far as the right of the Public Accounts Committee to deal with the Appropriation Accounts and connected documents is concerned. Only a convention has grown up in regard to the Military Appropriation Accounts whereby these Accounts are not scrutinised directly by the Public Accounts Committee like other Appropriation Accounts but pass through a stage of expert examination by the Military Accounts Committee, as the *ad hoc* Committee is now called, with the result that the Public Accounts Committee has now the benefit of a careful preliminary examination of the material in these documents, by the Military Accounts Committee.



## APPENDIX XXX

Letter from Sir Ernest Burdon, Kt, C S I, C I E, I C S, Auditor General in India, to the Secretary to the Government of India, Finance Department, No. T.-728-Rep /4-31, dated the 30th July 1931.

SUBJECT — *Appropriation Accounts of the Central Government (Civil) for the year 1929-30 and the Report thereon of the Accountant General, Central Revenues*

*Introductory*—In accordance with the provisions of rule 15 (1) of the Auditor General's Rules framed under Section 96D(1) of the Government of India Act, I have the honour to transmit herewith two copies of the Appropriation Accounts of the Central Government (Civil) for the year 1929-30 and the report thereon of the Accountant General Central Revenues, together with two copies of the Appendix to these documents prepared by the Director of Commercial Audit, for submission to the Public Accounts Committee and for necessary action by the Government of India. The documents deal with Central Civil transactions (excluding those relating to Railways and Posts and Telegraphs) booked and audited not only by the Accountant General, Central Revenues, but also by other accounts and audit officers.

2 Two copies of the accounts of the receipts and disbursements of the Secretary of State and the High Commissioner for India, on behalf of the Central Government, under the heads other than those relating to Military Services, for the year 1929-30, together with two copies of the relevant Appropriation Accounts and the reports thereon prepared by the Auditor, Indian Home Accounts, are also forwarded herewith.

3 I also append a consolidated statement (Statement "A"—not reproduced here, but see Appendix II in which it has been embodied) of all Central Voted Grants and Non-voted Appropriations for the year 1929-30 the expenditure incurred against them and the variations between the two. Further statements (Statements "B" and "C") show the excesses over 'Voted' Grants and 'Non-voted' Appropriations, which require the vote of the Legislative Assembly, and the sanction of the Finance Department of the Government of India, respectively.

4 In dealing with the Report of the Accountant General, I make two initial assumptions, namely,—

(a) that the Public Accounts Committee, while studying generally the whole of the Appropriation Accounts and the Report thereon will give special attention to all comments of importance made by the Accountant General and to the connected portions of the Appropriation Accounts,

(b) that all authorities concerned with the controlling of grants will be required to study carefully, and in detail, those portions of the Appropriation Accounts which relate to the grants they control, and the connected comments and suggestions of the Accountant General, and will be expected to apply the lessons

of the Appropriation Accounts to their future administration of public funds. I feel sure that, if an understanding of this kind is definitely established, the educative effect of appropriation audit will be greatly promoted without the Public Accounts Committee being required to enter into detail to an extent which is neither practicable nor suitable.

The Accounts and the Report have, as usual, been subjected to a close scrutiny in my office, and I find myself in general agreement with the main criticisms and observations of the Accountant General. It would be unnecessary and unsuitable for me to duplicate in this letter individual comments of the Accountant General, and accordingly my own observations will be confined to a few salient individual points and to suggesting any general conclusions of value which it seems possible to draw from a broad view of the results depicted in the Appropriation Accounts and the Report. Following the arrangement adopted for the first time last year, I present my comments in groups which accord, not with the grant or appropriation under which the transactions commented upon occur, but with the department of Government responsible for the transactions in question. For the convenience both of the Committee and of the departmental representatives who may be examined, I propose to furnish separately, a statement in which brief particulars of the grants and appropriations with which each department is concerned are brought together, and are coupled with a reference, in each case, to the relevant paragraphs of the Appropriation Accounts and of the Appendix, and to any comment made by myself.

#### FINANCE DEPARTMENT—GENERAL REMARKS.

5 *Accuracy of budgeting*—The attention of the Committee is invited to paragraphs 21 to 26 of the Accountant General's Report. The next result under the voted section of the account indicates a high degree of accuracy in budgeting. It will be observed, however, from paragraph 26 of the Report that the total amount of excess during the year 1929-30 in the case of voted grants was much greater than the corresponding figure in the years 1927-28 and 1928-29, and this accounts to some extent for the unusually low percentage of the total saving exhibited in the net result. The number of grants in which excesses occurred during 1929-30 is also larger than in previous years. These excesses were counterbalanced by savings under 66 out of 78 voted grants of which the most considerable have been brought to notice in paragraph 22 of the Report. The Public Accounts Committee will no doubt think it desirable to investigate the causes of these savings, and also the causes of the more important excesses noticed in paragraph 21 of the report which require the vote of the Legislative Assembly.

In the non-voted section of the accounts the percentage of saving is considerably higher than in the three preceding years, but this is explained by —

- (1) one particularly large item of saving to which I shall refer below, and
- (2) the fact that the total amount of excess over appropriations was considerably less than the corresponding figure for 1927-28 and 1928-29.



The large saving in the non-voted section of the accounts mentioned above was mainly due to the non-utilisation of the provision of £591,900 for the redemption of India's outstanding liability in respect of the British 5 per cent War Loan, 1929-47. The circumstances in which this occurred have already been explained to the Standing Finance Committee. Though the sterling payment had to be postponed, a corresponding amount had to be appropriated to reduction and avoidance of debt in the voted section of the account, and consequently a large saving in the one section was counterbalanced by a large excess in the other section. The adjustment was essentially of a formal character, and accordingly a correct impression of the accuracy of the general budgeting for the year is best derived from the net result of the voted and non-voted sections taken together. This net result was a saving of 1.52 per cent and it may be said therefore that the accuracy of the general budgeting was on the whole satisfactory.

The more important savings under non-voted appropriations and the excesses over non-voted appropriations which require to be regularised by the Finance Department of the Government of India are given in paragraphs 23 and 25 respectively of the Report, none of these calls for any special comment.

6 *Surrender of savings*.—Attention is invited to paragraphs 27 to 29 and paragraph 40 of the Report. These paragraphs bring to notice small or injudicious surrenders which seem to indicate some laxity of current control. Before a surrender is made it seems desirable that the whole field of expenditure under all the sub-heads should be carefully reviewed in order to ascertain that excesses elsewhere will not stultify the surrenders proposed, and that a careful scrutiny should be applied to ensure that all amounts which are not likely to be required are offered for surrender. In this connection attention is invited to the Accountant General's remarks in paragraph 3 of his comments on pages 511 and 512 of the Report. It may be desirable for the Finance Department to consider whether some detailed procedure cannot be devised in order to make effective in practice any lump sum deduction which it may be decided to make from a grant or appropriation.

7 *Appendix to the Appropriation Accounts containing accounts and reviews of Commercial Concerns*.—The Public Accounts Committee will, I think, be interested to see the improved form in which this document has been produced on the present occasion, and will be specially interested in the contents of the first chapter. I shall be glad to know whether the Public Accounts Committee consider that their wishes, expressed on previous occasions, in regard to the presentation and review of commercial accounts, have now been sufficiently met. With reference to the remarks in paragraph 19 of the Appendix, since this year the Public Accounts Committee will assemble later than usual, it may be possible for the Director of Commercial Audit to present the audited accounts of, at any rate, a number of the Government of India concerns for 1930-31, while the Committee is in session, and every effort will be made to this end. Attention is also invited to the important comments in paragraphs 20 to 22 of the Appendix relating to the important question of control over stores. The Commercial Audit Branch will continue to devote special attention to this matter, both in general, and in auditing the accounts of individual concerns.

8 *Points outstanding from previous Reports of the Public Accounts Committee*—Under the revised procedure recently introduced by the Finance Department a complete list of outstanding matters showing the action taken up to date is circulated quarterly to the Public Accounts Committee, and presumably the latest list will be presented to the Public Accounts Committee at one of their meetings. There is no matter outstanding on which it is necessary for me to comment in anticipation. I shall have a better opportunity of offering comment and advice when the list is being examined by the Public Accounts Committee.

#### FINANCE DEPARTMENT—CENTRAL BOARD OF REVENUE

9 *Grant No 16-Customs (a) Page 53, Note 2*—The Public Accounts Committee may wish to enquire why in Bombay the expenditure on account of over-time and holiday allowances was in excess of the connected receipts.

(b) *Page 54*—Attention is invited to the remarks made by the Accountant General in paragraphs 1 and 2 of his important comments (over-budgeting).

(c) Attention is invited to the matters commented on in paragraphs 3 to 9 of the Accountant General's comments on pages 55 to 57 (Irregularities, etc.)

10 *Grant No 18-Salt (a) Page 75, Note 3*—The Public Accounts Committee may wish to enquire why the stock of Salt in Burma could not be verified.

(b) Account No II of this grant contains a number of instances where re-appropriations made were either wholly unnecessary or in excess of requirements.

(c) Attention is invited to the Accountant General's comments on pages 76 and 77 of the Report which give instances of continued over-estimating under certain sub-heads.

11 *Grant No 19-Opium, Pages 78 to 85*—(a) It is brought to notice that in this case also requirements appear to have been regularly over-estimated for a number of years. The voted savings which have been surrendered year by year from 1925-26 are given below—

	Rs.
1925-26	19,55,887
1926-27	52,97,907
1927-28	2,68,061
1928-29	25,59,559
1929-30	21,31,985

(b) Attention is invited to paragraphs 195 and 200 of the Appendix which bring to notice the results of the gradual contraction of the activities of the Opium Department, namely, a decline in the figure of the capital invested by Government in the Department, a steady decline in profits without, however, a corresponding decline in general charges.

12 *Grant No 20-Stamp, Page 86*—Attention is invited to the important comments under this grant.

## FINANCE DEPARTMENT—OTHER COMMENTS

13. *Grant No 86-Capital Outlay—Security Printing* —Attention is invited to paragraph 35 of the Appendix The Public Accounts Committee will be interested to see the satisfactory results stated to have been attained by the printing of stamps in India

14 *Grant No 25-Interest on Debt, etc , Pages 100 and 101* —(a) It has not been explained —

(1) Why the uncovered excess of Rs 35,23,746 was not taken into account at any rate at the time of sanctioning the reduction of Rs 83,60,000 made on the 29th March 1930 , and

(2) Why similarly the larger sales of Treasury Bills could not be taken into account also on the 29th of March 1930 when a supplementary appropriation of Rs 48,63,000 was sanctioned

(b) *Page 101, Important comments—audit certificate* —The precise nature of the audit to be applied to the transactions which take place annually in connection with the Debt Redemption Scheme of the Government of India has been under my consideration for some time The subject of debt redemption has received a considerable amount of public attention in recent years both in and outside the Legislature, and I had come to the conclusion that, in a matter like this, not only should there be a formal concentrated audit of the transactions, taken collectively, but also that there should be a formal audit certificate prominently inserted in the Audit Officer's Report on the Appropriation Accounts, so that the general tax-payer and the investing public may have from year to year an authoritative assurance that the conditions of the debt redemption scheme have been fully observed I have accordingly arranged this year for such an audit to be carried out and the results are stated in the audit note appended to this letter

It will be seen that the audit having been carried out in this manner for the first time the note covers the transactions of the whole period 1925-26 to 1929-30 From the year 1930-31 the audit note and certificate will appear annually in the Report of the Accountant General, Central Revenues itself On the present occasion, the audit comments are based partly on the results of the audit applied in India and partly on the results of the audit applied in London by the Home Auditor and this will be the case in future also

15 *Grant No 42-Audit, Pages 138 to 142* —The results indicate that both estimating and control were not as satisfactory as should have been the case Steps have been taken which, I hope, will secure better administration in future

16 *Grant No 69-Currency (a) Page 273 of the Report—Sub-head F — Works* —It is generally accepted as incorrect to make provision for a work in the budget until preparations for the project have reached such a stage as to make it certain that it will be possible to incur the expenditure during the year The Public Accounts Committee will note that in the instance here brought to notice the entire provision of Rs 1 lakh for the construction of a Currency Office at Lahore remained unutilised as the plans and estimates were not ready , and may wish to obtain an explanation of the circumstances,

(b) *Pages 274 and 275—Financial Irregularities*—Attention is invited to the very serious cases of fraud and embezzlements in treasuries here brought to notice. All occurred in Burma, and as the Public Accounts Committee are aware similar cases have occurred in previous years in that province.

17 *Grant No 71—Civil Works—Pages 319 and 320, Important Comments—paragraph 3*—The attention of the Public Accounts Committee is specially invited to this important matter. I venture, however, to suggest that, while it is necessary that comprehensive rules on the subject should be issued as soon as possible, the types of irregularity mentioned as items (c), (f), (g), and (i) of the Accountant General's enumeration are such as should be avoided by the exercise of ordinary common sense and business method, and should not be required to be provided for by official regulations.

18 *Grant No 97—Loans and Advances by the Central Government*—Attention is invited to the figures and comments appearing on pages 605 to 607 of the Report. The features of special importance are—

- (1) The progressive increase in the outstanding balance of loans and advances made by the Central Government
- (2) The great and apparently unanticipated increase in the liability of the Bahawalpur Darbar
- (3) The fact that the Government of Bombay, which has a larger public debt than any other province in India, has not commenced and has not yet submitted a programme of repayment of the large advances taken for the Lloyd Barge Scheme.

#### HOME DEPARTMENT

19 *Grant No 80—Andamans and Nicobar Islands*—The comments of the Accountant General on page 488 of the Report draw attention to a decided improvement in budgeting on the grant taken as a whole. There are, however, a number of substantial variations under sub-heads in Account No 1 which indicate that there is room for further improvement still, both in estimating and control.

Attention is also invited to the remarks of the Director of Commercial Audit in paragraphs 427 to 428, 434 to 437, and 446 to 449 of the Appendix. The audited accounts of the following institutions in the Andamans under the control of the Government of India, Home Department, appear in this Appendix for the first time—

- (1) Shipping Office, Andamans,
- (2) Marine Department,
- (3) Executive Commissariat Department (Bakery, Butchery and Dairy Farm)

From the point of view of commercial return, the results of the Shipping Department are the least satisfactory feature of this section of the accounts.

## DEPARTMENT OF INDUSTRIES AND LABOUR.

20 *Grant No 53—Mines—Page 191—Note on sub-head E*—Examination fees realised during the year amounted to Rs 4,414, while the expenditure on examinations appears to have amounted to Rs 7,241. The question arises whether fees cannot and should not be made to cover the expenditure.

21 *Grant No 68—Indian Stores Department—Pages 265 to 270*—As in previous years the Public Accounts Committee will no doubt study specially the profit and loss account of the Indian Stores Department. The Committee recommended last year that special attempts should be made to evolve a system, in consultation with the Director of Commercial Audit, by which the accounts relating to the non-commercial portion of the work of the Indian Stores Department may be exhibited separately from the commercial portion. I understand that suitable account forms for the purpose have now been devised, and that the Chief Controller, Indian Stores Department, will be in a position to present the accounts of the Department in the new form and to supply the Public Accounts Committee with a detailed explanation showing how the percentages for the apportionment of charges between the “Commercial activities” on the one hand and the “Educational Research, etc., activities” on the other, have been arrived at in each case.

22 *Grant No 73—Stationery and Printing—Pages 359 to 360*—It appears that the accounts of the Central Publication Branch continued to be in an unsatisfactory state, and I suggest that this is also a matter to which the Public Accounts Committee may devote some special attention, both generally and with reference to the particular points which form the subject of criticism by the Accountant General.

23 *Grant No 95—Delhi Capital Outlay—Pages 597 and 598—Observations*—The stock of stores of the book value of Rs 14,49,000 in hand on the 31st March 1930, is stated to include the following stores—

(1) Serviceable stores in excess of requirements for the next 12 months—Rs 3,29,000

(2) Stores surplus to requirements of the Department—Rs 2,23,000.

The question arises how this large quantity of surplus stores was allowed to accumulate and what steps are to be taken to dispose of the surplus.

## DEPARTMENT OF EDUCATION, HEALTH AND LANDS

24 *Grant No 47—Survey of India*—Attention is invited to paragraphs 218 to 224 of the Appendix which deal with the commercial accounts of the Mathematical Instrument Office, Calcutta. The two points of special importance are—

(1) whether it is not possible to reduce staff and effect other economies in order to prevent further losses, and

(2) whether it is proposed to introduce a proper system of costing.

25 *Grant No 54—Other Scientific Departments*—Attention is invited to the accounts of the Bose Research Institute which will be found on pages 193 to 204 of the Report, the comments of the Accountant General being on

page 209 During the year under report the Institute received from Government a total grant of Rs 3,03,000, and the Public Accounts Committee may be interested to see how these moneys have been applied An examination of the accounts would however require to be supplemented by explanation on the part of the administrative authorities as to the administrative and scientific activities which lie behind the figures The accounts by themselves are necessarily not sufficient I note incidentally that some expenditure which is apparently of a capital nature has at one time been met both from the recurring and from the non-recurring grants

26 *Grant No 56—Medical Services—X-Ray Institute, Dehra Dun*—Attention is invited to the observations on page 218 of the Report The procedure adopted on the closing of the Institute in the matter of the stores and the store accounts does not appear to have been entirely satisfactory

27 *Grant No 58—Agriculture*—Attention is invited to the remarks of the Director of Commercial Audit in paragraphs 232 to 234 of the Appendix relating to the Commercial Accounts of Dairy Farms The Director of Commercial Audit has also raised certain specific points to which the attention of the Public Accounts Committee may be directed, namely—

- (1) The correctness of the annual valuations of live-stock by the Director of Agricultural Institute (Appendix, paragraph 269)
- (2) The possibility of reducing the loss on the Pusa Institute (Appendix, paragraph 329)
- (3) The question of maintaining separate accounts for the commercial activities and the educational and research activities, respectively, of the Imperial Institute of Agricultural Research, Pusa (Appendix, paragraph 330)

28 *Grant No 80—Andamans and Nicobar Islands*—Attention is invited to paragraphs 366 and 367 of the Appendix which deal with the Andamans Forest Department The Public Accounts Committee will be interested to note the improvement in the trading results in the year under report, and may wish to learn what decision has been arrived at on the proposal that royalty should be included in the Commercial accounts of the Department

#### COMMERCE DEPARTMENT

29 *Grant No 45—Ports and Pilotage*—The Public Accounts Committee may wish to examine specially the commercial accounts of the Bengal Pilot Service which will be found in paragraphs 377 to 399 of the Appendix The Director of Commercial Audit has not commented on these accounts and he has been asked to be in readiness to explain to the Public Accounts Committee any point of special importance requiring the Committee's attention

30 *Grants Nos 46 and 93—Capital Outlay on Light Houses and Light Ships*—The commercial accounts are in paragraphs 400 and 411 of the Appendix In this case also the Director of Commercial Audit has been instructed to be in readiness to give any further explanations the Public Accounts Committee may require

31 *Grant No 62—Commercial Intelligence and Statistics*—In his comments on page 248 of the Report the Accountant General draws attention to

substantial and continued over-budgeting under this grant, and the Public Accounts Committee may desire to have an explanation of this

#### RAILWAY DEPARTMENT

32 *Grant No 92—Capital Outlay on Vizagapatam Harbour—Pages 579-586*—Attention is invited to the comments of the Accountant General particularly those in paragraphs 1 (there still seems to be room for improvement in accuracy of budgeting), 4, 5, 7 and 8 of the series of important comments. To say the least, the financial administration of this project does not seem *prima facie*, to have been fortunate

#### CONCLUSION—GENERAL OBSERVATIONS

33 *State of the Financial Administration*—In my comments on the Appropriation Accounts of Central Civil Expenditure of 1928-9, I observed as regards the general state of the financial administration that, in view of the enormous range and volume of the transactions dealt with, it could not be said that financial control was deficient, on the whole. In my opinion the Appropriation Accounts of 1929-30 and the report of the Accountant General thereon, justify, at any rate, the same conclusion. I am satisfied that the standard required to be observed is in general adequate and I think it can be claimed that in the recent past there has in some directions been an improvement in results

34 *Financial Position of Central Government*—It would not, in my opinion, serve a useful purpose for me to attempt, on this occasion, an extensive analysis of the financial position of the Central Government and ordinarily the Auditor General will never be in a position to add much that is of value to the information regarding Central finance, pure and simple, which the Finance Department of the Government of India are in the habit of supplying to the Legislature and the public. But in order to make my review of the year's transactions formally complete and self-contained, I venture to set down the following broad facts belonging mainly to the revenue section of the Central Accounts. In the first place, as is well known, the Government of India adhere consistently to the orthodox policy of balancing their budget. In the year under report, 1929-30, the actual result was a surplus of Rs 27 lakhs. But this was only secured by means of a windfall of Rs 1,55 lakhs transferred to revenue from the Enemy Debt Account—a relic of the Great War—and since then the financial position has progressively deteriorated. The financial results in the Railways, Posts and Telegraphs and Military Departments have been dealt with elsewhere—in my reviews of the Appropriation Accounts of those departments. The aggregate result to date, for the Central Government as a whole, is that the Revised Estimates for 1930-31 disclose a deficit of Rs 13 crores approximately, while the Budget Estimates for 1931-32 when prepared on the basis of existing revenue anticipated a deficit of Rs 17.24 crores. In order to balance the Budget it became necessary both to increase taxation and to frame proposals for drastic retrenchment of public expenditure, which in recent years has, from a variety of causes, very largely increased. A Retrenchment Advisory Committee consisting mainly of members of the Indian Legislature has been appointed and is now sitting. The main causes of this financial deterioration are well known—world-wide economic disturbance, and political

unrest giving rise to unfortunate financial consequences—and need not be discussed here. To complete my outline picture of the revenue position, it is only necessary to add that for some years past the whole of the revenue raised has not been earmarked for revenue expenditure of a current nature. Considerable sums have been set apart for other revenue liabilities, *e.g.*, depreciation and other reserves, and mention must also be made of the large sums set apart annually from revenue for the reduction or avoidance of debt. Attention is invited in this latter connection to the note appended to this letter [*vide* also paragraph 14 (b) preceding] which gives the results of my audit of the transactions of the Debt Redemption Scheme to date and shows that the Government of India have fully discharged their obligations under this very important section of their general financial policy.

35 *Provincial Finance in its Relation to Central Finance*—In my comments on the Appropriation Accounts for 1928-29 I drew attention to what was then a more or less new phenomenon, the serious depletion of the cash balances of certain provincial Governments, and explained how, under the present financial relations between the Central and Provincial Governments, this process has an adverse effect on the finances of the former. Since then, the provincial finances have suffered in one degree or another from the same causes as have affected the Central Government and one result of this has been that under financial stress certain provinces, at any rate, have taken the utmost advantage of the defect of system which enables them to exhaust their balances at the expense of the Central Government. I append to this letter two statements (Statements 'D' and 'E') which show (1) the monthly closing balances of each of the major provinces during the years 1929-30 and 1930-31, and (2) the free closing balances of the same provinces at the close of the years 1929-30, 1930-31 (Revised) and 1931-32 (Budget). I have nothing to add to my previous statement of the serious objection attaching to these in-roads upon the resources of the Central Government. My view on the question of principle involved remains unchanged and requires no further exposition, but the burden on the Central Government has meanwhile increased greatly in extent.

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## ANNEXURE I [PARAGRAPH 14(b)]

## AUDIT NOTE ON DEBT REDEMPTION SCHEME

Under the scheme of debt redemption adopted by the Government of India for the 5 years 1925-26 to 1929-30 as set forth in Government of India, Finance Department Resolution No F-13-II-F, dated the 9th December 1924, the annual charge against Central Revenues for the purpose of making provision for reduction or avoidance of debt consists of —

- (1) A sum of 4 crores of Rupees, and
- (2) Such additional sum as is equal to 1-80th of any excess in the total of the Debt outstanding on the 31st March of the preceding year over the total outstanding on the 31st March 1923, sterling debt being converted at Rs 15 per £ for this purpose

2 In calculating these net totals account is taken of the complete debt of the Government of India, permanent, floating, and unfunded, with the exclusion of the Treasury Bills issued to the Paper Currency Reserve Advances to Provincial Governments other than those representing pre-reform irrigation debt are not considered as forming part of the outstanding debt. The total debt outstanding on the 31st March 1923 was accordingly taken as Rs 8,46 78 crores made up as shown below, and the total debt outstanding on the 31st March of any year subsequent to 1923 was taken at such total as was certified by the Auditor General in India to be the total arrived at by applying similar calculation for those years —

(Figures are in crores of Rupees)

	Rs.	Rs.
Rupce debt exclusive of treasury bills in the Paper Currency Reserve	3,61 42	
Sterling Debt . . . . .	3,63 95	
Unfunded debt . . . . .	62 56	
Capital value of the liabilities undergoing redemption by way of terminable Railway annuities	91 97	
		8,79 90
<i>Deduct</i> —Discount included above but separately provided for . . . . .	8 23	
Advances to Provincial Governments other than those representing pre reform Irrigation debt	24 89	
		33 12
		8,46 78

NOTE —The original scheme terminated in 1929-30. It has however been decided that pending reconsideration of the scheme along with the Convention relating to Railway Finance provision from the year 1930-31 onwards should be made on the same lines except that for the purpose of paragraph 1 (2) above, sterling debt should be converted into Rupees at Rs. 13 1/3 per £

3 The annual appropriations as calculated on the basis indicated above for each of the five years from 1925-26 were as given below —

	Rs.
1925-26 . . . . .	4,77,36,000
1926-27 . . . . .	4,81,04,000
1927-28 . . . . .	4,90,31,000
1928-29 . . . . .	5,11,70,000
1929-30 . . . . .	5,40,75,000

To these sums were added in 1925-26 a sum of Rs 19,89,352 being the amount of customs duty on capital stores imported on account of the Central Government and, in the years 1926-27 to 1929-30, a total sum of Rs 90,69,016 being India's share of the reparation receipts under the Dawe's scheme and under the Young Plan Section 7 of the Indian Finance Act, 1926 (since repealed by Section 9 of Indian Finance Act, 1930), provided that the share of British India in the annuities payable by Germany under the agreement between the allied Governments and the German Government signed at London on 30th August 1924, remaining after payment out of such moneys of such amounts as may be payable to local authorities, or other persons, by way of reparation for loss or damage due to enemy action in the late war, should be appropriated and applied for the purpose of the reduction or avoidance of public debt. The amounts received and so utilised during the 4 years 1926-27 to 1929-30 were as follows —

	Rs.
1926-27 . . . . .	13,12,016
1927-28 . . . . .	24,12,000
1928-29 . . . . .	30,47,000
1929-30 . . . . .	32,98,000
Total	90,69,016

The total appropriation from revenue for reduction or avoidance of debt in each of the five years commencing from 1925-26 thus amounted therefore to the sums given below —

	Rs
1925-26 . . . . .	4,97,25,352
1926-27 . . . . .	4,97,16,016
1927-28 . . . . .	5,04,43,000
1928-29 . . . . .	5,42,17,000
1929-30 . . . . .	5,73,73,000

4 The annual debits against revenue stated in paragraph 3 above were correctly calculated in accordance with the programme approved by the Secretary of State. The additional sums authorised by executive orders and the Indian Finance Act were supplementary to the appropriation originally prescribed and duly charged.

5 The provision for debt redemption is made in Demand No 25 under two sub-heads "F—Sinking Funds" and "G—Other appropriations", the amount included in the former sub-head representing the payment into the Depreciation Fund on account of the 5 per cent Rupee Loans of 1929-47 and 1945-55. The balance of the debt redemption provision is shown under sub-head "G—Other appropriations" while the obligatory payments in England against this provision are brought to account as discharge of debt in the debt section of the accounts of the Secretary of State. Under this arrangement the entire appropriation for reduction or avoidance of debt is included in the revenue budget of the Government of India under the head "21—Appropriation for reduction or avoidance of Debt". The following table shows the sub-division of the total provision for debt redemption for each of the five years under the two sub-heads mentioned above

	1925 26	1926 27	1927 28	1928 29	1929 30
	Rs	Rs	Rs	Rs	Rs
F—Sinking Funds	97,21,000	1,36,04,000	1,36,04,000	1,36,04,000	1,36,04,000
G—Other appropriations	4,00,04,352	3,61,12,016	3,68,39,000	4,06,13,000	4,37,69,000
Total	4,97,25,352	4,97,16,016	5,04,43,000	5,42,17,000	5,73,73,000

6 The sum provided for debt redemption has, according to the scheme, to be applied towards meeting the following sinking fund charges of an obligatory character involving actual redemption of debt —

(a) *Rupee payments*—Payment into Depreciation Funds of the 5 per cent War Loan of 1929-47 and 5 per cent Income Tax free Loan 1945-55

(b) *Sterling payments*—

(i) The Railway Sinking Fund now in operation,

(ii) The capital portion of Railway Annuities,

(iii) The capital portion of the annual payment in redemption of India's outstanding liability in respect of the British War Loan,

the balance, if any, remaining after making the above payments may be applied either to the avoidance of new borrowing or to the reduction or repayment of such other debt as the

Governor General in Council may think fit The actual application of the debt redemption provision in each of the five years is shown in the following table —

	1925 26	1926 27	1927-28	1928 29	1929 30
	Rs	Rs	Rs	Rs	Rs
Total Appropriation from revenue for reduction or avoidance of Debt	4,97,25,352	4,97,16,016	5,04,43,000	5,42,17,000	5,73,73,000
	£	£	£	£	£
Utilisation of the above—					
(a) Sterling payments—					
(i) Payments into Railway Sinking Funds for reduction of Capital liabilities	364,100	200,000	200,000	200,000	200,000
(ii) Railway capital liabilities redeemed by Annuity payments	1,302,383	1,317,318	1,393,918	1,142,152	1,192,111
(iii) Redemption of liabilities in respect of British War Loan	187,682	512,009	537,610	564,191	
Total Sterling payments	2,154,165	2,059,357	2,131,528	2,206,343	1,692,111
	Rs	Rs	Rs	Rs	Rs
The same converted into Rupees at the average rate of Exchange for the year	2,85,95,032	2,76,08,358	2,85,31,142	2,94,67,035	2,27,51,109
	Rs	Rs	Rs	Rs	Rs
(b) Rupee payments—					
Payments into Depreciation Sinking Funds of the Loan of 1929 47 and 1945 55	97,21,000	1,36,04,000	1,36,04,000	1,36,04,000	1,36,04,000
Balance merged in General balances of Government and appropriated for capital purposes	1,14,09,320	85,03,658	83,07,858	1,11,45,965	2,10,17,891
Total	4,97,25,352	4,97,16,016	5,04,43,000	5,42,17,000	5,73,73,000

7 The nature of the obligatory charges met from the debt redemption provision and the extent to which they satisfied the conditions laid down by the Government of India are set out in the following notes —

- (a) *Payments into Depreciation Funds of the 5 per cent War Loan of 1929-47 and the 5 per cent Income Tax free Loan of 1945-55* — The charge in respect of the amount to be taken to the Depreciation Funds for the above 5 per cent Loans should be a sum equal to  $1\frac{1}{2}$  per cent of the amount of the Loans. But the actual charge made at the instance of the Controller of the Currency was slightly in excess of this percentage in each of the five years ended 1929-30. No objection was taken by audit to this excess charge as this does not appear to be contrary to the spirit of the undertaking given in the Loan Notifications. The Fund is debited with the cost of purchase (for subsequent cancellation) or direct discharge of securities, the permanent debt of Government being ultimately reduced by the nominal value of the securities cancelled.

Against the amounts credited to this Fund Rs 33,54,172 (Rupees 47,438 in 1925-26 and Rs 33,06,734 in 1929-30) were spent in the purchase of securities of the Loans concerned and the permanent debt reduced by the face value of those securities, viz, Rs 33,87,000 (Rs 50,000 in 1925-26 and the balance in 1929-30). The balance in the Fund now stands at Rs 6,68,45,991. Out of this balance a net sum of Rs 5,24,51,441 has been utilised for the purchase and subsequent sale of securities relating to various loans, the profit or loss arising out of such investments being credited or debited to the Sinking Fund. The face value of securities held on the Sinking Fund Investment Account on 31st March 1930 was Rs 5,43,00,700.

Under the terms of the Loan Notifications, purchases out of the Depreciation Fund direct may be made only when the market value of securities concerned falls below the issue price. In two cases however in 1929-30 the purchases were made even though the market value was higher than the issue price. These purchases were made when the market price of the 1945-55 Loan was declining steadily and it was anticipated that the loan would without support soon go much below par. The Controller of the Currency consequently decided to utilise the Sinking Fund to prevent a further fall which would have had an adverse effect on other securities. The action taken by the Controller of the Currency had the effect of steadying the market, and of obviating further purchases, on each occasion. It is understood that the action of the Controller of the Currency had the approval of the Finance Department. In the circumstance no objection has been or can properly be taken in audit.

- (b) *Sterling payments*—

- (a) *Railway Sinking Funds* — These Sinking Funds were created at different dates for the redemption of the India Stock (and

a small amount of 4 per cent Rupee debt) issued in part payment of the liabilities assumed by Government on the purchase of the capital of some of the old guaranteed Railway Companies. The total amount of debt undergoing redemption by these sinking funds is £13,175,510. Of this £9,005,667 has been redeemed to end of 1929-30. Prior to 1924-25 the amounts invested were cumulative but owing to the change in financial conditions since the time when the funds were started the Secretary of State decided, as from 1924-25, to stereotype the amount to be invested each year at £200,000. At the request of the Government of India this was postponed until 1926-27 and in 1925-26 the amount spent was £364,100. The payments in each of the five years 1925-26 to 1929-30 have been applied towards purchase and cancellation of India Stock.

(ii) *Capital portion of Railway Annuities*—The annuities represent deferred payments required to be made under the various statutes under which certain Railways (East Indian, Eastern Bengal, Scinde, Punjab and Delhi, Madras and Great Indian Peninsula Railway) were purchased by the State. These payments are really of a composite character, each instalment being made up of (a) part payment in discharge of the purchase price (Capital) and (b) interest for the credit given. Up to 1923-24 the entire payments on account of Railway Annuities were treated as charges on the Railway Revenue Accounts. With the separation of Railways from the general finances of the Government of India from 1924-25 the Railway Capital Account has been permanently debited with the balance of the capital liability involved in the purchase of Railways under redemption by annuities and, as a consequence of this arrangement, the Railway Revenue Account is now charged with the full interest on the liability outstanding on 31st March 1924 and the balance required to make up the total annuity payments is borne by general revenues. The capital and interest payments are certified to have been correctly worked out in accordance with the table appended to the Secretary of State's Financial Despatch No. 150, dated the 15th November 1912. The capital portion of the above annuities outstanding at the end of the year 1929-30 amounted to £51,858,611.

(iii) *Redemption of outstanding liability in respect of British War Loan, 1929-47*—This represents the liability assumed by the Government of India in part payment of India's Contribution of £100 Million to the War. India's offer was to credit the Imperial Government with the proceeds of a loan issued in India and to accept in addition liability for interest on £100,000,000 5 per cent War Loan less the proceeds of the above loan (which amounted to £77,284,000). There is no definite obligation to pay off the capital amount of the above

loan by any particular date. The balance has been reduced by varying annual payments and now stands at £16,721,003.

In 1923-24, the position was examined and it was decided to set apart £1,428,000 each year to cover interest and Sinking Fund so as to extinguish the liability by 1946-47, the latest date for repayment of the loan. This continued until 1929-30 when owing to remittance difficulties the interest only was paid. The same procedure was followed in 1930-31 but it is the intention of the Secretary of State in Council to resume the annual repayment of Capital as soon as possible. This did not, however, affect the total amount provided under "Appropriation for reduction or avoidance of debt" in India, it only increased the amount that merged in the general balances of Government and thus served to avoid incurring a corresponding amount of new debt in India.

8 The balance of the debt redemption provision after meeting the obligatory payments mentioned above may be applied, at the discretion of Government, in the avoidance of new borrowing or to the reduction or repayment of any existing debt. In practice, the balance has, in each of the five years, been merged in the balances of the Government of India and is considered as having, in effect, been utilised in the avoidance of new borrowing of a corresponding amount.

9 The undertakings given by Government in regard to the programme of debt redemption have, therefore, been carried out in full and amortisation of debt has been effected at the rates and on the lines contemplated in the Debt Redemption Scheme.

STATEMENT B (Paragraph 3).  
(1929-30).

Statement showing the excesses over Voted Grants which require the vote of the  
Legislature

Item No	Name of Grant	Final Grant	Actual Expenditure	Excess requiring the vote of the Legislature
		Rs	Rs	Rs
1	22 —Irrigation, etc —charged to Revenue	26,44,000	29,65,754	3,21,754
2	25 —Interest on Ordinary Debt, etc	1,41,77,000	2,20,75,225	78,98,225
3	32 —Public Service Commission	86,000	86,411	411
4	35 —Finance Department	10,85,000	10,87,973	2,973
5	43 —Administration of Justice	55,000	55,611	611
6	46 —Lighthouses and Lightships	10,90,000	13,68,423	2,78,423
7	70 —Mint	27,18,000	28,21,716	1,03,716
8	81 —Rajputana	5,43,000	5,44,199	1,199
9	93 —Capital Outlay on Lighthouses and Lightships	8,000	12,821	4,821
10	95 —Delhi Capital Outlay	1,31,58,000	1,32,80,295	1,22,295
11	97 —Loans and Advances bearing interest	14,92,41,000	15,91,36,936	8,95,936
12	23 —Indian Posts and Telegraphs Department	11,13,29,000	11,31,03,771	17,74,771
13	1 —Revenue—Railway Board	12,61,000	12,63,196	2,196
14	4 —Revenue—Working Expenses—Administration	13,50,25,000	13,62,87,820	12,62,820
15	10 —Revenue—Appropriation from Depreciation Fund	11,50,00,000	11,76,18,314	26,18,314
16	13 —Revenue—Appropriation from the Reserve Fund	86,30,000	2,08,21,706	1,21,91,706



## STATEMENT C (Paragraph 3)

(1929-30)

Statement showing excesses over Non-voted Appropriations which require the sanction of the Government of India, Finance Department

Item No	Name of Appropriation	Final Appropriation	Actual Expenditure	Excess requiring the sanction of the Government of India
		Rs	Rs	Rs
1	20 — Stamps		4,697	4,697
2	27 — Staff, Household and Allowances of the Governor General	10,18,176	10,47,555	29,379
3	35 — Finance Department	2,45,877	2,46,634	757
4	39 — Department of Industries and Labour	1,10,326	1,10,488	162
5	40 — Central Board of Revenue	1,25,000	1,25,174	174
6	46 — Lighthouses and Lightships	18,300	19,411	1,111
7	47 — Survey of India	7,96,000	8,31,298	35,298
8	53 — Mines	88,640	89,069	429
9	55 — Education	9,476	12,663	3,187
10	56 — Medical Services	3,14,729	3,19,312	4,583
11	65 — Emigration—External	49,760	50,660	900
12	66 — Joint Stock Companies	1,000	1,768	3,768
13	67 — Miscellaneous Departments	58,346	58,840	494
14	70 — Mint	1,12,250	1,12,840	590
15	81 — Rajputana	7,77,430	7,81,446	4,016
16	85 — Expenditure in England under the control of the High Commissioner	41,38,000	41,43,981	5,981
17	Western India States Agency	16,87,710	17,44,313	56,603
18	88 — Irrigation Works—not charged to Revenue	20,824	21,675	851
19	92 — Capital Outlay on Vizagapatam Harbour	3,000	3,008	8
20	94 — Commuted value of Pensions	7,38,000	10,19,868	2,81,868
21	24 — Indo—European Telegraph Department	11,79,000	11,99,800	20,800
22	7 — Capital—New Constructions	3,03,000	3,08,666	5,666
23	8 — Capital—Open Line Works	1,65,000	1,70,830	5,830
24	15 — Capital—Strategic Lines	43,000	46,788	3,788
	State Railway Revenue—Interest charges—			
25	(1) Interest on Debt	29,00,60,000	29,09,11,621	8,51,621
26	(2) Interest on Capital contributed Companies	1,36,79,000	1,36,94,043	15,043
27	Army—India	39,49,70,000	39,53,95,000	4,25,000
28	Marine—England	30,47,000	30,65,000	18,000
29	Military Engineer Services—India	1,61,72,000	1,64,77,000	3,05,000

## STATEMENT D (Paragraph 35)

Statement showing the monthly balances of the various provincial Governments

(In lakhs of rupees Figures with a minus sign before them represent overdraft)

	Madras	Bombay	Bengal	United Pro vinces	Punjab	Burma	Bihar and Orissa	Central Pro vinces	Assam	Remarks
1929 30										
1 April	498	163 25	236 58	—13	15	99 03	121 27	8 20	83	
2 May	509	124 57	258 82	2	—19	63 91	101 16	—15 32	95	
3 June	491	119 12	260 05	—1	1	18 53	102 96	—9 01	96	
4 July	444	106 52	221 17	20	196	—65 65	93 03	—19 61	73	
5 August	389	55 45	193 55	25	176	—102 39	62 49	—36 78	60	
6 September	374	—17 29	214 33	—17	120	—140 17	67 16	—31 18	55	
7 October	299	— 06	172 13	17	16	—167 91	17 52	—65 91	45	
8 November	217	11 48	151 65	11	—79	—224 65	16 91	—78 90	32	
9 December	181	—10 69	129 92	16	—131	—219 57	33 36	—92 84	21	
10 January	274	62 05	161 17	120	—28	—222 82	62 62	—88 32	15	
11 February	422	124 23	162 51	164	59	—180 77	62 86	9 83	16	
12 March	190	110 73	182 13	33	—25	74 03	107 12		14	

\*The accounts  
for the year  
being still  
open, the  
figures may  
require cer-  
tain re-  
adjustments  
when the  
final balances  
are made up

1930-31 *	469 20	27 11	200 83	-104 81	44 87	71 56	101 82	-17 29	24 48
1 April .									
2 May .	469 27	-16 29	173 09	-87 96	-61 12	40 31	88 91	-32 57	30 48
3 June .	435 59	-44 24	162 87	56 23	-16 23	- 59	77 50	-28 95	26 61
4 July .	407 73	13 21	111 37	109 86	200 88	-73 38	74 67	-36 85	14 56
5 August	337 38	-25 06	67 38	109 76	203 17	-118 61	56 23	-54 09	1 66
6 September .	324 32	-54 30	30 34	68 50	148 62	-148 47	44 47	-74 95	-14 15
7 October .	231 26	-69 67	24 34	92 32	69 70	-196 55	23 81	-95 10	7 39
8. November .	153 24	-54 11	-4 29	29 92	-29 23	-229 47	11 76	-113 12	-9 62
9 December .	122 20	-74 84	30 04	-11 79	-79 46	-249 36	- 32	-130 27	-18 08
10. January .	173 92	-29 08	69 48	28 98	-61 93	-279 27	24 59	-131 11	-24 80
11. February .	253 60	-15 79	31 12	62 36	32 76	-288 63	18 53	-70 31	-16 64
12 March (Preliminary) .	265 17	-13 82	24 46	-58 66	-9 43	-200 27	42 09	-45 80	-20 22

## STATEMENT E (Paragraph 35).

Statement showing the "Free Balances" of the several provincial Governments at the close of the year

(In thousands of rupees)

Provincial Governments	1929 30	1930-31 (Revised)	1931 32 (Budget)
Madras .	1,81,52	3,31,00	2,02,82
Bombay .	1,38,83	53,71	—10,08
Bengal . .	1,79,32	29,50	11,52
United Provinces	1	—43,07	10,53
Punjab .	11,39	19,89	3,72
Burma . . .	31,52	11,20	—1,03
Bihar and Orissa . .	1,07,12	13,50	39,18
Central Provinces .	—1,15	—1,97	17,09
Assam . .	15,61	1,21	1,12

NOTE 1 —By the term "Free Balance" is meant the closing balance of the province after excluding the Balances of the Famine Relief Fund and Depreciation Reserves and Sinking Funds where they exist. In the case of the figures for the year 1929-30, the balance of unutilised loan money has also been excluded wherever it could be ascertained from the Appropriation Reports.

NOTE 2 —The figures for Revised Estimate, 1930 31 and Budget, 1931 32 have been adopted in almost all cases from the Preliminary Issues of Budgets of the various provincial Governments which were prepared for presentation to the Legislatures in 1931.

## APPENDIX XXXI.

Letter from E. Burdon, Esq., C.S.I., C.I.E., I.C.S., Auditor General in India, to the Secretary to the Government of India, Finance Department, No. T. 36-Rep./6-31, dated the 1st May 1931.

SUBJECT—*Appropriation Accounts of the Posts and Telegraphs Department for 1929-30 and the Report of the Accountant General, Posts and Telegraphs, thereon*

With reference to rule 15(1) of the Auditor General's Rules, framed under Section 96 D (1) of the Government of India Act, I have the honour to transmit herewith, for submission to the Public Accounts Committee, and for necessary action by the Government of India, two copies of the Appropriation Accounts of the Posts and Telegraphs Department for the year 1929-30, and the report thereon of the Accountant General, Posts and Telegraphs

2 In dealing with the Report of the Accountant General I make two initial assumptions, namely,

(a) that the Public Accounts Committee, while studying the whole of the Appropriation Accounts and the Report thereon, will give special attention to all comments of importance made by the Accountant General and to the connected portions of the Appropriation Accounts,

(b) that all authorities concerned with the controlling of grants will be required to study carefully, and in detail, those portions of the Appropriation Accounts which relate to the grants they control, and the connected comments and suggestions of the Accountant General, which are endorsed by the Public Accounts Committee, and will be expected to apply the lessons of the Appropriation Accounts to their future administration of public funds

The Accounts and the Report have, as usual, been subjected to a close scrutiny in my office, and I find myself in general agreement with the criticisms and observations of the Accountant General. It would be unnecessary and unsuitable for me to duplicate in this letter individual comments of the Accountant General and accordingly my own observations will be confined to a few salient individual points and to suggesting any general conclusions of value which it seems possible to draw from a broad view of the results depicted in the Appropriation Accounts and the Report

*Indian Posts and Telegraphs Department*

3 *State of financial administration*—In my comments on the Appropriation Accounts of the preceding year, 1928-29, I pointed out that there were grounds for considering that the financial administration of the Posts and Telegraphs Department had not been entirely efficient. On the present occasion, in order to facilitate examination of the same question in a general aspect, I give below in tabular form the variations between the estimates and

the actual expenditure during each of the last five years, voted and non-voted expenditure being shown separately —

1 GRANT No 23 — *Indian Posts and Telegraphs Department.*

(Working Expenses, Capital Outlay charged to Revenue and Indirect Capital Outlay )

Year	Budget Estimate	Actuals	Difference		Percentage of Variation. More+ Less—
			More	Less	
<i>Voted</i>	Rs	Rs	Rs	Rs	
1925-26 .	8,09,71,500	7,90,41,820		19,29,680	—2 3
1926 27	10,29,48,000	10,00,89,172	.	28,58,828	—2 7
1927-28	10,34,05,098	10,62,25,766	28,19,768		+2 7
1928-29 .	10,88,14,000	11,01,61,047	13,47,047		+1 2
1929-30	11,04,29,000	11,31,03,774	26,74,774		+2 4
<i>Non-voted</i>					
1925-26	61,30,500	58,00,174		3,30,326	—5 3
1926-27	70,64,000	64,60,478		6,03,522	—8 5
1927-28 .	70,83,000	67,63,840	.	3,19,160	—4 5
1928-29 .	72,69,000	74,30,920	1,61,920	.	+2 2
1929 30	78,81,000	77,68,278		1,12,722	—1 1

2 GRANT No 89 — *Capital Outlay on Indian Posts and Telegraphs*

(Not charged to Revenue )

<i>Voted</i>					
1925-26 . .	2,12,36,000	2,13,71,208	1,35,208		+0 64
1926 27 . .	60,89,000	34,25,136	.	26,63,864	—43 74
1927-28 .	59,90,000	49,34,310		10,55,690	—17 62
1928-29 . .	69,87,000	55,86,648	.	14,00,352	—20 04
1929-30 .	69,11,000	34,07,853	.	35,03,147	—50 63

Year	Budget Estimate	Actuals	Difference		Percentage of Variation. More+ Less—
			More	Less	
	Rs	Rs	Rs	Rs	
<i>Non-voted</i>					
1925-26		7,503	7,503		
1926-27	8,000	4,231		3,769	—47 11
1927-28	8,000	18,597	10,597		+132 46
1928-29	14,000	22,171	8,171		+58 36
1929-30	7,000			7,000	—100 00

4 I give below a similar table comparing the revenue realised during each of the years 1925-26 to 1929-30 with the budget estimates for the year —

Year	Budget Estimate	Actuals	Difference		Percentage of Variation More+ Less—
			More	Less	
	Rs	Rs	Rs	Rs	
1925-26	10,41,32,000	10,21,37,542		19,94,458	—1 9
1926-27	10 64,65,000	10,53,03,984		11,61,016	—1 0
1927-28	10,79,83,000	10,82,71,046	2,88,046		+0 2
1928-29	11,38,86,000	11,03,65,308		35,20,692	—3 0
1929-30	11,59,97,000	11,29,49,633		30,47,367	—2 6

5 It will be seen that the general budgeting has, on the whole, been commendably accurate except in one case. On the other hand analysis of the figures given, combined with other information provided by the Accountant General's report disclose what appear to me to be three specially marked

and important features in the recent financial administration of the Department —

- (a) Persistent over-budgeting under the voted portion of Grant No 89 (Capital Outlay not charged to Revenue)
- (b) Continued failure to estimate correctly the financial effect of revisions of pay, and other concessions to establishments, sanctioned a few years ago
- (c) Failure to diagnose correctly, even in the last month of the financial year, variations in actual expenditure from the original estimate under individual sub-divisions of the grants

I suggest that the Public Accounts Committee in dealing with this section of the report might profitably confine any special study to these three main features

As regards (c), some further comment on my part is necessary. The Accountant General in the body of his report has provided substantial evidence of the deficiencies of current financial control, *vide* in particular his observations in paragraph 59 of the report, and the instances specially mentioned in paragraphs 71 and 72. In addition, I am informed that one inference which the Accountant General is inclined to draw from the evidence is that the compilations of fluctuating charges by departmental officers are not sufficiently accurate for the purpose of control of expenditure, and that these compilations are not promptly and properly reconciled with the compilations which are furnished by the Branch Audit Officers soon after the monthly accounts are completed. The final modifications of grants sanctioned during the last days of March are generally based on the revised estimate drawn up in January on the basis of the first eight months' actuals alone.

The first question that would seem to arise out of the foregoing is whether the departmental reconciliation cannot be accelerated and the system of departmental accounts generally improved and made more effective. If for any reason this does not seem to be practicable, then a further question which might merit consideration, particularly in the present financial stringency, would be whether a sufficiently useful purpose is served by the maintenance of the separate departmental accounts, and whether they, together with the staff employed on maintaining them, could not be dispensed with and reliance placed solely on the accounts of the Accountant General's department which are in fact the authentic official accounts. I am aware that the suggestion here made is in a sense heterodox, but there may be practical justification, at any rate in the present circumstances of the Posts and Telegraphs Department, for modifying the principle followed in other cases, and for requiring the Accountant General, Posts and Telegraphs, to act both as the departmental and the technical accounting officer. As a matter of fact, the Accountant General, Posts and Telegraphs is already most intimately associated in other respects with the administration of the Posts and Telegraphs Department.

6 So far as Appropriation Audit is specifically concerned, the final result of the year 1929-30 is that there was an excess expenditure of



Rs 17,74,774 under the voted portion of grant No 23 ; the excess requires the vote of the Legislative Assembly, on the recommendation of the Public Accounts Committee (*vide* paragraph 64 of the Report)

7 *Financial irregularities, losses, defalcations, etc*—The total loss of public money which occurred during the year under review, including compensations paid on account of loss or damage to insured and other articles, was Rs 2,80,636. The loss is not heavy compared with the large amounts of cash that are handled by the thousands of posts and telegraphs offices scattered throughout India. I note, however, that in the last three years there has been some increase in the small percentage which the total amounts of money order and savings bank frauds bear to the total transactions

It will be seen from the "Analysis of frauds by classes of employees" given on page 30 of the Report that officials in charge of subordinate offices and postmasters and head postmen are responsible for the major portion of the frauds. Frauds by the former would seem to indicate the necessity for closer supervision and more frequent and thorough inspections

The number of financial irregularities was not large, nor were they due to defects in existing rules or procedure. The disciplinary action taken appears to have been generally adequate

8 *Particular cases of irregularity*—I invite the special attention of the Public Accounts Committee to the case discussed in paragraph 47 of the Report. The Accountant General in the course of his narrative says "The investigation disclosed that officers in charge had signed certificates on the Account Current of the Primary Abstract as a matter of routine and without any sense of responsibility. Had they exercised the simple checks prescribed in the Code rules while passing the cash book and the Primary Abstract every month, the fraud would have been detected early enough." The Public Accounts Committee may wish to obtain further information, and to consider whether the treatment of this case by the departmental authorities has been adequate

I invite also the attention of the Public Accounts Committee to the cases mentioned in paragraphs 44 and 49 of the Report. The former case indicates negligence on the part of responsible officials, while the latter presents one very peculiar feature in the shape of the frequent dismissal and reinstatement of a clerk, leading to avoidable expenditure. In both these cases the Public Accounts Committee may be interested to learn the final conclusion. I understand that orders have since been passed in the former case which the Accountant General regards as satisfactory.

9 *Other special cases*—I invite attention to the comments of the Accountant General on the cases reported in paragraphs 51 and 52 of the Report which relate to—

- (1) recovery of rent from officials occupying Government quarters ;  
and
- (2) unauthorised occupation of residential quarters by the Posts and Telegraphs officials free of rent.

In both cases avoidable loss of public revenue seems to be involved

10 In my letter of last year I made the following observation on the subject of the cost of establishment employed on works "Even the lowest percentages are very much higher than the percentage of establishment charges regarded as admissible in the case of works executed in other departments of the public service and the Accountant General has been instructed to be ready to explain this phenomenon" At the suggestion of the Public Accounts Committee, the Accountant General has revised the basis of calculating these percentages, and has given fresh figures for the last three years calculated in accordance with the revised procedure (*vide* paragraph 61 of his report) The revised method involves, however, a certain *ad hoc* selection of figures and I am not yet fully convinced that the results are reliable in the sense that they are fully comparable with the corresponding results produced by the Public Works Department in respect of their establishment charges I am examining the matter further

#### *Financial Position*

11 In my comments on the Appropriation Accounts of 1928-29 I observed that the outstanding feature of the year was the very serious loss in which the operations of the Indian Posts and Telegraphs Department had resulted, and pointed to the fact that it is the declared policy of Government that the Posts and Telegraphs Department should be self-supporting The loss in 1928-29 was Rs 54 lakhs The original estimate for the year 1929-30 contemplated a loss of Rs 7,83,000 The actual outcome has been a loss of Rs 55,58,834 including a windfall of about Rs 6½ lakhs and excluding the loss of about Rs 6½ lakhs on account of the non-commercial activities of the Radio Telegraphs which is chargeable to general revenues The budget estimate for 1930-31 contemplated a loss of Rs 48 lakhs, which according to the revised estimate will be increased to Rs 1,36,36,000 The Budget Estimate for 1931-32 contemplates a loss of Rs 1,41,19,000 The cumulative loss to the Department from 1925-26 to 1929-30 has been Rs 95,14,984 In England, where, similarly, it is the policy that the Posts and Telegraphs Department should be self-supporting, the department showed a profit of over 9 million pounds in each of the years 1928-29 and 1929-30

The causes of the deterioration in 1929-30 as compared with the original budget estimate are discussed by the Accountant General in paragraphs 36-37 of his Report The still more grave deterioration anticipated in 1930-31 and 1931-32 is attributable, in a great measure, to the general economic disturbance of the time and to the unfortunate financial effects of recent political events But I do not gather that even in more normal conditions there would be any early prospect, on the present basis of finance, of the Department balancing its revenue and expenditure

12 In discussing this question of the seriously unfavourable financial results of the Posts and Telegraphs Department, the Public Accounts Committee of 1930 apparently accepted the dictum of the Director General that no retrenchment of expenditure was possible I presume that, in the stringency which has since extended to the whole field of public finance, this

attitude will be reconsidered. On the other hand, the Public Accounts Committee appeared to be disinclined to suggest any increase in postal rates, while not disputing the policy that the Department should be self-supporting. It was apparently felt, *inter alia*, that it would be premature to offer definite suggestions for the future before receiving a report from the Committee which was to be appointed to investigate questions which have a direct bearing on the finances of the Department. The essential purpose of the inquiry was to ascertain whether the system of commercialisation, applied to the Posts and Telegraphs Department, is correct in certain important respects, and whether the accounts as now composed give a true picture of the cost of conducting the services which properly pertain to the Department.

The Committee has recently concluded its enquiry, and the Public Accounts Committee will no doubt wish to ascertain whether the report can be made available to them with sufficient material available for their consideration. I conceive that the Public Accounts Committee will feel bound, if it is in any way possible, to come to some definite conclusion regarding the financial position of the Posts and Telegraphs Department in normal times. I venture to suggest that in any case it would be desirable that they should discuss with the Director General the further losses now brought to notice with a view to ascertaining—

- (a) whether he can in the light of further experience contribute any thing new by way of explanation of the causes of the continuous loss, and
- (b) whether his study of the position has suggested to him any new course of action either by way of reducing expenditure or for the purpose of increasing revenue

In general, unless the report of the Committee on Posts and Telegraphs accounts can explain them away, the adverse financial results are liable to be construed as evidence, to some extent at least, of unsuccessful and inefficient financial administration, not merely by the departmental authorities but by the Government of India themselves. I think it is necessary to emphasise this aspect of the matter and so to stress the need for effective remedial action.

### *Indo-European Telegraph Department*

13 The Indo-European Telegraph Department has since ceased to exist, and I consider that it would serve no practical purpose for the Public Accounts Committee to spend time in examining closely the accounts for the year 1929-1930, in which moreover there is nothing of new or outstanding interest. There is a small excess over non-voted appropriation (paragraph 115 of the report) which requires the sanction of the Government of India in the Finance Department. The Public Accounts Committee may, however, wish to have information regarding the settlement as a result of which the Department has ceased to exist, and as regards the arrangements which will replace the services hitherto rendered by the Department.

14. In conclusion, I have to report that the relations between the Audit Department and the administrative authorities of the Posts and Telegraphs Department continue to be entirely satisfactory, and I wish to take this opportunity of acknowledging the co-operation thus afforded to the Audit Department.

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## APPENDIX XXXII.

**Letter from Sir Ernest Burdon, Kt, C.S.I., C.I.E., I.C.S., Auditor General in India, to the Secretary to the Government of India, Finance Department, No. T. 523-Rep./7-31, dated the 30th June 1931.**

**SUBJECT**—*Appropriation Accounts of Railways in India for the year 1929-30 and the Report of the Director of Railway Audit thereon*

With reference to rule 15 (1) of the Auditor General's Rules, framed under section 96 D (1) of the Government of India Act, I have the honour to transmit herewith two copies of the Appropriation Accounts of the Railways in India for the year 1929-30, together with two copies of the report thereon prepared by the Director of Railway Audit, for submission to the Committee on Public Accounts, and for necessary action by the Government of India

2 *Introductory*—In dealing with the Appropriation Accounts and the Report I make two initial assumptions, namely —

- (a) I do not expect the Public Accounts Committee to examine the whole of the Appropriation Accounts. It would not be physically possible for them to do so in the time at their disposal. I expect that individual members of the Committee will select from the Appropriation Accounts points which specially attract their attention, and I assume that otherwise the Committee will in the main confine their examination to the topics which the Director of Railway Audit has commented upon in his Report, and those on which I comment myself
- (b) I assume that all authorities concerned with the controlling of grants will be required to study carefully and in detail those portions of the Appropriation Accounts which relate to the grants they control and the connected comments and suggestions of the Director of Railway Audit which are endorsed by the Public Accounts Committee, and will be required to apply the lessons of the Appropriation Accounts to their future administration of public funds

3 The accounts and the Report have, as usual, been subjected to a close scrutiny in my office, and I shall be prepared to the best of my ability to render further explanations where such are found to be necessary. It would, however, be unnecessary and unsuitable for me to duplicate in this letter individual comments of the Director of Railway Audit, and accordingly my own observations will be confined to a few salient individual points, and to suggesting any general conclusions of value which it seems possible to draw from a broad view of the results depicted in the Appropriation Accounts and the Report

4 *Form and method of presentation of Appropriation Accounts*—This is the second occasion on which the Railway Appropriation Accounts have been prepared and presented by the Chief Accounting Officer for Railways under the system of separated accounts, and this is the second occasion on which it has been my duty to review the various Appropriation Accounts of all the Governments in India. With this experience I am in a better position than I was

last year to form an opinion as to the adequacy and suitability of the methods of presenting Appropriation Accounts in general, and I have come to certain definite conclusions as regards the presentation in particular of the Appropriation Accounts of Railways. I wish in the first instance to bring prominently to the notice of the Public Accounts Committee the marked difference in the methods adopted this year by the Chief Accounting Officer for Military Services and the Chief Accounting Officer for Railways, respectively, both of these being departments of the public service in which accounts have been separated from audit. This year the Financial Adviser, Military Finance, has combined with his Appropriation Accounts proper a narrative analysis and survey of the administration of the whole grant for Military Services and of all important sections of the grant. The Financial Commissioner for Railways has merely presented a document containing the figures of the Appropriation Accounts, in the prescribed detail, together with explanatory foot notes on individual items. The Financial Commissioner in doing so has conformed strictly to the orders on the subject but I think the Public Accounts Committee, if they compare the two documents, will be disposed to agree with me that the former method of presentation is the more illuminating and satisfactory method, and that it is always permissible to consider possibilities of improving existing procedure. In this connection it is necessary for me to state somewhat fully the functions and responsibilities which correctly devolve upon the accounting organisation in a system in which the maintenance of accounts has been entrusted to any agency separate from that which audits the accounts. Incidentally I must first emphasise that the bulk of a separated accounting organisation is determined almost entirely by the volume of transactions which have to be dealt with. The strength and numbers of the accounting establishments cannot be curtailed arbitrarily as is practicable, more or less, in the case of the machinery carrying out the test audit of the Auditor General which is imposed upon the accounts. And it is essential, if due regard is to be paid to economy, that the audit organisation should be very much smaller than the accounts organisation. It follows also, and it is, I think, generally acknowledged, that the accounts organisation though described as purely "accounts" is responsible not only for the task of accounting but also for the duties of internal audit and the tendering of financial advice which under the system previously existing were entrusted to the combined offices of accounts and audit. The accounting organisation retains, to some extent at any rate, the duty of criticising the financial administration, of preventing financial irregularities, and so forth. And it will further be evident that the accounting organisation is in a better position than the Audit Department to discharge these functions, since the former is in continuous touch with the financial administration, and passes in review from day to day, series of transactions of the same kind, whereas audit, on the other hand, being merely a test audit, must confine itself in the main (1) to scrutinising the general procedure and processes of accounting, and (2) to examining isolated items of expenditure or receipt. It must be accepted, as a principle underlying the separation of accounts from audit, that the former becomes the predominant influence in regulating current financial administration. It will be clear, therefore, I think, that the accounting organisation is better able to present a general picture of the financial results and the state of the financial administration, which lie behind the figures of the Appropriation Accounts prepared by itself, and I suggest that it should

be required to undertake this function. As a further consideration I would observe that it seems neither fair to the administrative railway authorities that the general presentation and analysis of the Appropriation Accounts should be left solely to audit as at present, nor fair to the Audit Department, with its limited knowledge and opportunities, to require it to undertake a presentation which the Public Accounts Committee must necessarily expect to be accurate and comprehensive. I do not overlook the fact that the Government of India in their resolution dealing with the Public Accounts Committee's Report for 1927-28, decided that the existing administration reports published by commercial departments like the Railways and the Posts and Telegraphs Departments should suffice as an explanatory supplement to the appropriation accounts. I note also at this point that the case of the Military Services differs from that of the Railways as no general administration report on the Military Services is made. On the other hand, the Public Accounts Committee of last year themselves suggested that the Railway Department should prepare a simple form of report on the working of Railways summarising the reports of Agents and bringing out their salient points, and in general calling attention to the topics which would appear in a speech of a Chairman of a public Railway Company at an annual meeting of shareholders. (This suggestion is said to be still under consideration.) Thus, the Public Accounts Committee have already expressed a feeling that the Appropriation Accounts as now presented do not give sufficient information of a general character, though they have not actually taken the specific point which I am now raising. I have given in support of my contention technical reasons which I feel sure to be correct and substantial and the fact remains that both the Audit Department and the Public Accounts Committee have at present inferior facilities for studying the annual Appropriation Accounts on Railways than are afforded in respect of any other set of Appropriation Accounts, whether Central or Provincial. I trust I shall not be charged with exaggerating the importance of the matter. It is relevant to observe that the Railway Account, incorporating as it does transactions of great magnitude which in the aggregate are expected to be remunerative, is perhaps the most important Government account in India, as it is also quite the most difficult account to examine and appreciate. It is at any rate my considered opinion that the Public Accounts Committee have here an opportunity of investigating a general reform which, if my views are correct, would promote materially the convenience and the efficiency of themselves and of their successors. If my suggestion is in the end adopted, there would still be an audit report by the Director of Railway Audit and a review by the Auditor General, but it would be possible to make these briefer and more effective than they can be at present.

5. *Questions outstanding from previous Reports* —I take it that as usual the Public Accounts Committee will desire to go carefully through the list of questions outstanding from previous reports with a view to ascertaining what progress has been made in disposing of them. I draw attention below to certain of these questions which seem to me to be of special importance. —

*Paragraph 15(4)* —Questions outstanding from Sir Arthur Dickinson's Report

*Paragraph 16 (15).*—Expenditure on new Rolling Stock

*Paragraph 16 (18)* —Store accounting on the East Indian Railway.

*Paragraph 16 (20)* —Accounts of the working of Railway Collieries.

### FINANCIAL ADMINISTRATION

6 *Budget Control* —Attention is invited to paragraphs 25 to 32, 158, 210, 233 and 234 of the Director's Report

I note incidentally that under Capital Expenditure the amounts surrendered or withdrawn on account of slow progress, or postponement of capital works owing to financial stringency, were—

Grant No	7	.	.	.	.	.	.	1,53,97
"	"	8	.	.	.	.	.	40,56
"	"	15	.	.	.	.	.	4,47

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1,99 Lakhs.

that is to say, 1,99 lakhs against a total saving of 3,34 lakhs. The inference is suggested that to some extent over-budgetting was responsible for some part of the savings

7 *Financial Irregularities* —I invite special attention to the following cases —

(a) *Paragraph 36 of the Report* —Postponement of payments for lack of funds

(b) *Paragraph 80 of the Report* —Unauthorised reduction of rents.

(c) *Paragraph 81 of the Report* —Irregular loans to an officer

(d) *Paragraph 85 of the Report* —Defective agreement leading to loss

(e) *Paragraph 112 of the Report* —Irregular Employment of Establishment

(f) *Paragraph 116 of the Report* —Avoidable Expenditure on travelling allowance

(g) *Paragraph 161 of the Report* —Unprofitable expenditure

(h) *Paragraph 187 of the Report* —Loss on stores

8 *Special topics* —I invite special attention to the following —(a) The Director of Railway Audit has brought to notice the following cases of misclassification in the accounts —

(1) Page 46, paragraph 108

(2) Page 62, paragraph 157

(3) Page 88, paragraph 231

(4) Page 89, paragraph 235.

These misclassifications affect in each case the relation of the expenditure to the grant voted by the Assembly. With reference to the misclassification



mentioned in paragraph 108, I have to point out that there is already an excess under Grant No 4—Revenue—Working Expenses—Administration—and if the misclassification pointed out by the Director of Railway Audit had been rectified before the close of the year, the amount of the excess requiring the vote of the Assembly would have been Rs 20,000 in excess of the figure already reported (Rs 12,62,820—*vide* paragraph 32 of the Report)

(b) Pages 69—72, paragraphs 174-9 of the Report—Stores balances.

(c) Page 72, paragraph 180—Preparation of price lists for stores

(d) Pages 76 and 77, paragraph 194 of the Report—Machine accounting

(e) Page 84, paragraph 217A—Preparation of rate registers

9 *Financial Administration—General Remarks*—The Director of Railway Audit, basing his conclusion on the consolidated figures, has observed that on the whole the general financial control has been satisfactory. He has, on the other hand, drawn attention to inaccuracies and errors in certain individual sections of the account, but it has to be acknowledged that, in so large an account, embodying an enormous number of transactions of great diversity, some percentage of error and deficient control is inevitable. The report also affords no evidence that the Railway Board are inclined to leniency in dealing with cases of irregularity brought to their notice, or that their action in such cases is other than deterrent in character. There are, however, other less satisfactory aspects of the administration disclosed by the accounts of the year of the report of the Director of Railway Audit. In the first place, it is, I think, noticeable that delay occurs in considering suggestions and recommendations of the Public Accounts Committee. I myself find that other departments of the Government of India and certain of the Provincial Governments seem to exhibit greater energy and promptitude in this matter. Similarly the Public Accounts Committee will notice that there is a tendency for delay to occur, in individual cases in meeting the requests of audit. There was also great delay this year in completing the Appropriation Accounts even in the present skeleton form. The final print was only received in my office on the 8th June 1931 instead of on the 1st April 1931. Finally, I invite attention to the bulky statement of items of objectionable expenditure—that is to say, expenditure incurred without the sanction of competent authority which is printed as Annexure A to the Appropriation Accounts. I presume the statement enumerates only those items of expenditure which were still under objection when the Appropriation Accounts of the year 1929-30 were closed, that is to say, some 6 to 10 months after the expiry of the year. *Prima facie* the size of the statement suggests an unsatisfactory state of affairs and the Public Accounts Committee may feel inclined to take some special step to ascertain whether the circumstances of Railway Administration are such as to render it really impossible to attain a greater degree of regularity in the incurring of expenditure.

The foregoing observations are not to be construed as conveying any definite opinion of a general character as to the state of efficiency of the financial administration of Railways during the year under report. The truth is that I do not feel able to form a confident conclusion of such a kind, and

the main reasons for my being in this position are to be found in what I have said in paragraph 4 of this letter, particularly in my proposition that at present neither the Audit Department nor the Public Accounts Committee possess sufficient facilities for a correct and complete interpretation of the Appropriation Accounts, and of deducing reliable general conclusions from them. I must also admit that there are certain defects in the arrangements for test audit at present existing, and I am not fully satisfied that the newly created test audit machinery has yet developed a sufficiently effective procedure and practice. So far as it rests with me to do so, I will endeavour to remedy these defects, but I venture to express the opinion that it will not be possible to achieve complete success until the responsibilities and functions of the accounts organisation are correctly assessed and fully developed in practice, particularly in the matter of the presentation of the annual accounts, and it thus becomes possible to secure a perfect adjustment between the functions and the operation of the accounts organisation on the one hand, and the audit Department on the other.

### FINANCIAL POSITION

*10 Accounts, 1929-30* — In the year 1929-30, marked deterioration occurred in the prosperity of Indian Railways. For the first time since the separation of Railway Finance from general finance the Railways were unable to pay the prescribed contribution to general revenues out of the net gain for the year, and it became necessary to withdraw 2 crores from the reserve fund to meet this liability. This unsatisfactory result is attributed mainly to world-wide trade depression, the effect of which began to be reflected in the closing two months of the year, and also to the serious strike which occurred on the Great Indian Peninsula Railway.

*Revised Estimate, 1930-31* — Still further deterioration occurred in 1930-31 attributable in part to the general trade depression and also to the unfortunate financial effects of recent political events. A net loss of 5 crores of rupees is anticipated, and in order to meet the contribution of approximately 6 crores to general revenues the reserve fund has been drawn upon to the extent of about 11 crores.

*Budget, 1931-32* — The budget for the year 1931-32 anticipates a considerable betterment in the revenue results of the working of the railways as compared with the results of 1930-31. But the net gain of 121 lakhs, even if that is realised, will have to be supplemented by a withdrawal of approximately 4 crores of rupees from the reserve fund in order to meet the contribution payable to general revenues. It is anticipated that by the end of 1931-32 the balance in the reserve fund will be reduced to 1 34 crores of rupees only.

The extremely unfavourable financial results which I have here briefly described are of course already well-known to all, and I have no doubt the issues which they raise are already receiving very serious consideration from Government. I imagine also that the Public Accounts Committee will wish to devote a considerable amount of their attention to this aspect of the appropriation Accounts and, for their assistance, I venture to add, as an appendix to this letter, two statements which present, perhaps in a more convenient form the information brought together in paragraph 65 of the Director of

Railway Audit's report, and certain further information. The first of these statements exhibits the revenue results of the working of the entire Railway system from the year 1924-25, when the separation of Railway Finance was effected and the second statement shows the extent to which each of the principal Railways has contributed individually in those years towards the total net gain or loss to the Railway system as a whole. The most conspicuous feature in the railway administration of the period, which these statistics reveal, is that substantial increase in capital expenditure has not yielded a commensurate increase in revenue. There has been a very large increase both in working expenses and in interest charges, and it is obvious that if expenditure continues to follow the course which it has followed in the past there will have to be a remarkably large expansion of railway earnings before the railways can hope to pay the prescribed contribution to general revenues and to maintain the reserve fund at an adequate figure. Looking at the matter in the broadest way it appears to me that the main practical issues for present consideration must be (1) whether after duly discounting the effect of recent abnormal conditions the productivity of capital expenditure incurred since the separation has conformed to expectations, and (2) what, judged in the light of recent and present experience, should future policy be in the matter of incurring further capital expenditure. I am not qualified, and I do not wish, to criticise past policy, or to suggest any particular course of action for the future. It is my purpose merely to draw attention to a topic which I feel sure the Public Accounts Committee will consider to be of paramount importance, in the sphere of Railway finance, and on which they will naturally desire to receive the fullest possible enlightenment.

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## STATEMENT A

Table showing the revenue results of the working of the entire Railway System (Commercial and Strategic) in India during the six years (1924-25 — 1929-30) since the separation of Railway Finances was effected and also similar results as anticipated in the Revised Estimates for 1930-31, and Budget Estimates for 1931-32

(Figures in lakhs of rupees)

Head of Revenue, Expenditure, etc	1924- 25	1925 26	1926 27	1927- 28	1928 29	1929- 30	Total	Revised Esti- mates, 1930-31	Budget Esti- mates, 1931-32
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
I—Capital at charge at the close of the year	5,91,54	6,14,59	6,11,82	7,13,72	7,39,12	7,69,98		7,84,48	7,95,93
II—Receipts—									
(a) Gross Traffic Receipts	1,01,05	99,70	99,04	1,04,24	1,04,34	1,02,70		95,00	1,01,00
(b) Receipts on account of subsidised companies	30	35	40	35	39	50		21	18
(c) Miscellaneous Receipts, Interest on Balances in Reserve and Depreciation Fund, etc	21	54	68	90	1,18	1,49		1,57	1,40
Total Revenue	1,01,56	1,00,59	1,00,12	1,05,49	1,05,91	1,04,78	6,18,45	96,78	1,02,58
III—Charges—									
(a) Working Expenses	62,91	64,42	64,40	65,25	66,83	68,18		67,30	66,48
(b) Interest Charges	23,90	24,81	25,86	27,27	29,33	30,46		32,76	33,57
(c) Share of Surplus profits paid to Companies	1,42	1,77	1,65	1,57	1,59	1,52		1,15	75
(d) Land, Subsidy and Miscellaneous Charges	17	31	71	55	35	58		69	62
Total Charges	88,40	91,31	92,62	94,64	98,10	1,00,74	5,65,81	1,01,90	1,01,37
IV—Net Gain or Loss (—)	13,16	9,28	7,50	10,85	7,81	4,04	52,64	—5,12	1,21
V—Paid to General Revenues	6,78	5,49	6,01	6,28	5,23	6,12	35,91	5,74	5,36
VI—Appropriated to Railway Reserve Fund	6,38	3,79	1,49	4,57	2,58	—2,08	16,73	—10,86	—4,10(a)
VII—Additions made in the year to the balance of the Depreciation Fund	3,00	2,39	2,84	42	2,40	83	12,24	4,05	3,18(b)

(a) Balance in Reserve at the end of 1931-32

(b) Balance in Depreciation Fund at the end of 1931-32

Rs 134 lakhs

Rs 21,47 lakhs

# STATEMENT B

Table showing the Capital at charge of certain Principal Railways at the end of the years 1924-25 and 1929-30 and the net gain or loss in the working of these Railways during the years 1924-25 to 1931-32

(Figures in lakhs of rupees)

Railways	Capital at charge at the end of 1924 25	Capital at charge at the end of 1929 30	1924 25		1925 26		1926 27		1927-28		1928-29		1929 30		Revised Estimate, 1930 31		Budget Estimate, 1931-32	
			Gross receipts	Net gain or loss (—)	Gross receipts	Net gain or loss (—)	Gross receipts	Net gain or loss (—)	Gross receipts	Net gain or loss (—)	Gross receipts	Net gain or loss (—)	Gross receipts	Net gain or loss (—)	Gross receipts	Net gain or loss (—)	Gross receipts	Net gain or loss (—)
<i>State managed</i>																		
East Indian	1,12,67	1,43,47	20,91	2,92	19,92	2,84	19,78	2,76	20,67	3,19	20,42	2,44	19,85	1,61	18,25	49	19,00	1,10
Eastern Bengal	41,66	49,85	5,99	16	6,34	10	6,77	70	7,08	80	7,09	54	6,73	16	5,85	—80	6,35	—15
Great Indian Peninsula	82,99	1,15,48	15,30	2,85	14,80	47	14,80	71	15,23	1,41	15,44	1,08	14,58	8	13,25	—1,75	14,25	—59
North Western (Commercial)	79,92	1,12,33	15,39	2,92	13,78	1,81	14,19	1,29	15,00	1,27	14,32	13	14,39	—60	15,00	—77	16,00	69
Burma	27,09	34,76	4,30	51	4,94	83	4,63	27	5,07	70	4,96	26	4,87	5	4,35	—38	4,65	—9
<i>Company-managed</i>																		
Assam Bengal	18,90	22,57	1,44	—30	1,65	—13	1,76	—11	2,05	4	2,08	—7	2,05	—23	1,94	—42	2,05	—33
Bengal Nagpur	63,84	74,17	8,39	—12	8,40	—47	8,22	—40	9,17	—20	9,14	—47	9,31	—83	8,15	—2,06	8,80	—1,45
Bombay, Baroda, and Central India	58,02	71,64	12,40	2,92	12,26	2,20	11,35	1,42	11,45	1,58	11,97	1,64	11,52	1,11	10,75	43	11,35	1,27
Madras and Southern Mahratta	43,34	56,47	7,90	1,11	8,19	85	8,13	63	8,66	1,04	9,23	1,38	8,98	89	7,80	—22	8,25	67
South Indian	23,00	38,55	5,15	97	5,44	1,05	5,49	1,20	5,81	1,25	5,63	81	6,33	1,13	6,00	53	6,35	81

Note.—The gain or loss in the case of company-managed Railways has been so calculated as if depreciation and renewals transactions were treated in the same way as on state managed Railways (See paragraph 204)



## APPENDIX XXXIII.

Letter from Sir Ernest Burdon, Kt., C.S.I., C.I.E., I.C.S., Auditor General in India, to the Secretary to the Government of India, Finance Department, No. T.-281-Rep./5-31, dated the 4th June 1931.

*SUBJECT.—Appropriation Accounts of the Army, Marine and Military Engineer Services for the year 1929-30 and the Report of the Director of Army Audit thereon*

I have the honour to forward herewith for necessary action, two copies of the Appropriation Accounts of the Army, Marine and Military Engineer Services for the year 1929-30 prepared by the Financial Adviser, Military Finance, together with two copies of the Report thereon prepared by the Director of Army Audit. It is understood that these reports will, as usual, be subjected to a preliminary examination by the Military Accounts Committee before being presented to the Public Accounts Committee.

I also transmit herewith two copies of the accounts of the receipts and disbursements of the Secretary of State and the High Commissioner for India on account of the Central Government, in respect of Military Services, for the year 1929-30, together with two copies of the relevant Appropriation Accounts and the Reports thereon prepared by the Auditor, Indian Home Accounts.

2 The narrative survey of the Appropriation Accounts prepared by the Financial Adviser, Military Finance, on this occasion is a particularly interesting and useful document, and I think the Military Accounts Committee will do well to study it and also the report of the Director of Army Audit in as much detail as time allows. In accordance with past practice, however, I proceed in this letter to draw attention to, and offer my own observations on, what appear to me to be the most important features in the accounts of the year, and in the reports thereon.

3 *Outturn of the year and general budgeting*—The actual total expenditure for the year was within the stabilised budget figure of 55,10 lakhs, 2,51 lakhs were spent on special programme measures and there was a saving transferred to the Military Reserve Fund of 13 lakhs. It may be taken therefore that the normal maintenance cost of the Military Services amounted in 1929-30 to 52,46

Under individual sub-divisions of the estimates there were certain substantial variations some of which could not reasonably have been foreseen, while others were admittedly due to defective estimating, but on the whole the accuracy of the general budgeting and the purely financial control of expenditure during the year reached a high standard. In this connection I invite the attention of the Committee to paragraphs 5 to 17 of the Financial Adviser's survey of this aspect of the accounts. The appreciation therein contained is singularly clear and candid and I find no occasion to qualify or criticise any of the Financial Adviser's observations.

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\*Paragraph 44 of Director of Army Audit's Report and paragraphs 29 to 46 of Appropriation Accounts

For the first time the Financial Adviser's report includes an examination of the receipt portion of the Military Estimates and Accounts. This is in accordance with a wish of the Military Accounts Committee expressed last year. I think the change is a great improvement and should be continued.

4 *Auxiliary and Territorial Forces*—There was a saving of 13,87 on the original appropriation of 92,95 for the Auxiliary and Territorial Forces. As the Financial Adviser has explained, part of this is not a real saving as expenditure on stores, buildings, etc., chargeable to the special grant of Rs. 10 lakhs provided under this head has been debited to other heads. In response to a wish expressed by the Military Accounts Committee last year, the Financial Adviser reports that arrangements have been made for the preparation of a *pro forma* account showing the total expenditure met out of the special grant from year to year, and I suggest that the Committee should call for the *pro forma* account and examine it. It seems to me to be desirable that the *pro forma* account should also contain a note of the expenditure incurred from year to year on the Auxiliary and Territorial Forces otherwise than from the special grant.

5 *Military Engineer Services*—Once more the Military Engineer Services expenditure is marked by numerous and large variations from the original programme of works. It may be inevitable that this should be the case during the period of re-organisation and such latitude is certainly permissible under the stabilised budget system. It is, however, relevant to observe that under a normal system of control of public expenditure it would be necessary for the Military Authorities to define more exactly the scope of the original demand, than they do at present and in their expenditure to conform more closely to the scope of the demand as so defined. The comment here made will have increasing force in the future and I suggest that the Military Accounts Committee might profitably enquire of the Military authorities whether steps are being taken to arrive at a more stable and settled policy in the matter of Military Engineer Services expenditure.

6 *Questions outstanding from previous reports*—I assume that as usual the Military Accounts Committee will examine in detail each item in Appendix A of the Appropriation Accounts and I think the Committee will find once more that their previous recommendations have been carefully studied and that adequate efforts have been made to carry out these recommendations wherever possible. In the succeeding paragraphs of this letter I offer comments of my own on some of the more important questions raised on previous occasions which have been the subject of discussion since last year.

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\*Paragraph 4 on page 2 and on page 104, Item 7 (u) of Appendix A to the Appropriation Accounts and paragraph 17 of Director of Army Audit's Report.

† *Appropriation Accounts*—Paragraph 7 and 189 and item 16 of Appendix A  
*Director of Army Audit's Report*—Paragraph 29.

‡Paragraph 99 of Director of Army Audit's Report.



7 *The stabilised budget*—The Military Accounts Committee of last year recommended that as much of the special expenditure on programme measures as possible should be exhibited separately in the accounts and that means should be devised to determine the remainder with accuracy. The question of compiling such expenditure separately in the accounts has been considered in detail, and the Financial Adviser reports that it was found to be impracticable to do so. I am satisfied that this conclusion may be accepted. On the other hand, a *pro forma* record is being maintained showing, in respect of each item of the special programme, the amount of expenditure already incurred, the amount allotted in the financial year for the time being current and an estimate of the expenditure remaining to be incurred. It is admitted that the figures contained in this record are estimates. On the other hand the estimates must rest upon some actual foundation, and the Director of Army Audit has been required to audit the record as closely as he can with a view to assuring himself that the picture which it presents is substantially correct. The Director hopes to complete his examination of the figures before the Military Accounts Committee meets, and I suggest that the Committee should ascertain from him in as much detail as possible the nature of the check which he has applied, the extent to which and the grounds on which he finds the figures to be reliable. A record of the expenditure up to the end of 1929-30 is given in Appendix B of the Appropriation Accounts, and an endeavour will be made to furnish the Military Accounts Committee with information supplementary to that contained in the Appendix, which I consider to be necessary in order to achieve the purposes which I propounded in my observations of last year on the subject of the stabilised military budget system taken as a whole. It is satisfactory to note that it is estimated by the Financial Adviser that the resources likely to be available for the special programme under the original arrangements, as modified from time to time by orders of the Government of India, should be sufficient to complete the special programme. The Military Accounts Committee may wish to satisfy themselves that this position is accepted by the administrative Military authorities.

8 *Correlation between Home and Indian Estimates*—The Military Accounts Committee expressed the opinion last year that the Indian and Home estimating officers should get into closer touch with one another in order to avoid large differences between estimates and the actuals. The questions involved have been fully discussed in correspondence between the Military Financial authorities in India and the India Office, and it is desirable that the Committee should see this correspondence and come to a final conclusion.

9 *System of Reappropriation*—The practice and procedure of the military authorities including the Military Finance Branch in regard to making reappropriations of funds, in the case of both centrally controlled and locally controlled grants, have been subjected to detailed examination by the Director

\* { *Appropriation Accounts*—Paragraphs 2 and 3 and item 7 (i) of Appendix A of *Army Audit's Report*—Paragraphs 1 and 17

†Item 8 of Appendix A to the Appropriation Accounts and paragraph 19 of Director of Army Audit's Report

‡Paragraphs 10 and 35 of Director of Army Audit's Report

of Army Audit and myself during the course of the year. One or two points still remain to be investigated, but by the time the Military Accounts Committee meets I hope to be able to make a final statement on the subject.

10 *Stock accounts*—I invite special attention to the observations in paragraphs 36 and 102 of the Director of Army Audit's Report on the subject of the preparation and audit of the stock account which appears as Appendix E of the Appropriation Accounts. From these the Committee will be able to see clearly what the figures in the stock account represent, and the nature of the audit applied to the account which forms the basis of the annual audit certificate. It will be for the Military Accounts Committee to consider whether the arrangements thus described are adequate for the purpose of securing the proper discharge of the responsibility of the stock-holders and of audit respectively, and whether in their opinion any more exact or stringent arrangements are practicable on either side. I am at any rate satisfied myself that the presentation of this part of the Army Accounts has been greatly clarified by the investigations which have been made during the year and that a substantial advantage has been gained.

It will be noted that the stock account does not include stores held on charge by the Royal Air Force, the Royal Indian Marine, the Military Engineer Services or stores held by trading and manufacturing concerns. The question of including these stores in the account is at present under discussion. The Military Accounts Committee might with advantage enquire how the matter stands, and possibly express their own views.

From the statement on page 118 of the Appropriation Accounts it will be seen that during the year under review there has been an increase in the losses on stores as compared with the preceding year. On the other hand in the year 1927-28 the losses were much larger amounting to £1,14,403. Nevertheless, and though it may be granted that the percentage of loss in stock to the average of the opening and closing balances of local stock in charge of depots was very small, the total amount of loss namely 21 3/4 lakhs in 1929-30 appears *prima facie* to be alarmingly high. The Director of Army Audit has pointed out in particular that the losses in transit during 1929-30 amounting in value to Rs 5 1/3 lakhs were very great. I venture to suggest that this question of losses in general is a matter to which the Military Accounts Committee might well give then special attention and on which they should satisfy themselves by obtaining all relevant information from the Military authorities concerned. The explanation given on the face of the account in respect of the losses in transit, *viz*, that the increase is due to more losses in transit during the year is clearly no explanation.

11 *Maintenance Account*—Appendix F—Attention is invited to paragraphs 14 and 103 of the Director of Army Audit's Report. The audit of the maintenance account which has been carried out this year for the first time makes it clear that the maintenance account as hitherto prepared has entirely failed in its purpose and that the preparation of an accurate maintenance account by arms of the service, etc., is hardly practicable. I have concurred in the proposal to recommend to the Secretary of State that the present form of account should be replaced by a statement showing the estimated normal

cost per unit and per head based on sanctioned establishments, rates of pay, etc., etc., such statements being subjected to audit scrutiny. I think that such a statement should give the Public Accounts Committee all the information they require provided that the existing practice also continues of giving in the printed estimates the strengths of the various units and other component parts of the military forces.

12 *Trading Accounts*—(1) *System of accounts and audit*—I consider it to be desirable that so long as trading or manufacturing accounts continue to be maintained they should appear in the Appropriation Accounts and should be accompanied by some brief explanatory review. I trust the Military Accounts Committee will accept this proposition. I have, however, for some time past not been satisfied as to the value and the reliability of the commercial accounts hitherto maintained, and in the course of the year I arranged that a joint examination of the matter should be carried out by the Director of Army Audit and the Director of Commercial Audit. The purpose of the enquiry was essentially to ascertain—

- (a) whether the trading accounts are in all cases prepared in accordance with correct principles of commercial accounting,
- (b) whether the audit at present carried out by the Director of Army Audit conforms similarly to the principles of commercial audit, and
- (c) whether in all cases the maintenance of such trading accounts is necessary.

As an important part of the enquiry I arranged that the accounts of selected concerns should be audited by auditors of the Commercial Audit Branch in conjunction with auditors of the Army Audit Branch. The results of the enquiry will, it is hoped, be available by the time the Military Accounts Committee meets, and I suggest that the Committee should give some special attention to the subject.

(2) *Medical Store Depots*—Under the Statutory Rules now bearing upon the matter provincial Governments are at liberty to obtain medical stores from private sources instead of from the Medical Store Depots alone as was formerly the practice and my attention was recently drawn to a case in which a local Government had decided to resort extensively to the open market for their supplies of medical stores and to pass by the Medical Store Depots. It would, I think, be interesting to ascertain whether the tendency is general and increasing, and what the effect is now or is likely to be on the trading activities of the Medical Stores Depots. I note that the profit in the year under report is attributed amongst other things to an increase in the sales to local Governments as compared with the sales of 1928-29 when the depots worked at a loss, but this is not in itself conclusive on the point which I have brought to notice.

\* Appendix G to Appropriation Accounts and paragraph 15 of Director of Army Audit's Report

† Appendix G of Appropriation Accounts

‡ Page 124 of Appropriation Accounts—Footnote 4.

(3) *Bakeries* —In the year under report approximately 22 million lbs of bread were manufactured at an average cost of Rs 10-5-0 per 100 lbs of bread, the cost of production having increased as compared with that of 1928-29. It may interest the Military Accounts Committee to know that in the same year 26 million lbs of bread were produced in the Army bakeries in England at an average cost of 11s 5d per 100 lbs of bread. I am not in a position to say whether the production account is on the same basis in each case. In view of the special enquiry which is now being made into Army expenditure particularly the expenditure on the administrative services it might repay investigation to ascertain the reasons why the cost of producing bread is, according to the official accounts, so much higher in India than in England.

(4) *Ordnance Factories* —Attention is invited to paragraph 62 of the Director of Army Audit's Report. If the Director of Commercial Audit has completed his audit by the time the Military Accounts Committee meet, I suggest that the Committee should ascertain from him directly the results of the Audit.

(5) *General* —I repeat that apart from any question of the abstract correctness of the form of these accounts, I am in general doubtful of their practical value in one respect at any rate. I refer to the fact that in a number of cases the profit or loss exhibited in the accounts depends upon issue prices which are not actual prices or at any rate not competitive prices. The Committee may wish to consider this aspect of the matter in consultation with the military authorities concerned and I propose to devote further attention to it myself when the results of the joint enquiry already mentioned are available.

13 *Financial irregularities* —Many of the cases of financial irregularity brought to notice by the Director of Army Audit are old cases and the general conclusion of the Director is that the standard of internal check in the Military Accounts offices was formerly deficient but has greatly improved in recent years. I do not think it is necessary for the Military Accounts Committee to attempt the reconsideration of any individual case which has already been fully discussed and closed. I venture, however, to draw attention to the following groups of cases of financial irregularity which seem to me to be specially important or of a specially undesirable type and I would suggest that the Military Accounts Committee might examine the military authority concerned with each class of case with a view to assuring themselves that sufficient steps have been taken to prevent the recurrence of such irregular practices and to make it known that, in particular, practices which seem to connote a definite laxity of financial view are regarded with disfavour.

(a) Irregularities relating to pay and allowances—paragraphs 8 (a) and (c), 51, 56 and 84 of the Director of Army Audit's Report.

(b) Irregularities in regard to pensions—paragraphs 72 to 77 of the Director of Army Audit's Report.

(c) Irregularities in the administration of the Auxiliary and Territorial Forces—paragraphs 79 to 82 and 85 of the Director of Army Audit's Report.

(d) Irregularities in the administrative services—paragraphs 54, 60, 69 and 70 of the Director of Army Audit's Report

(e) Irregularities in the Military Engineer Services expenditure—paragraphs 90—92, 96 and 97 of the Director of Army Audit's Report In this connection the attention of the Military Accounts Committee is also drawn to the increase under objections raised for want of sanctioned estimates }

In regard to the conspicuous pension cases reported by the Director I note that in the course of enquiries in the Military Accounts Committee in recent years the Military authorities have frankly admitted that pension work had fallen into an unsatisfactory state. It has to be recognised also that the measures adopted to improve the position would necessarily result in the disclosure of a further large number of individual irregularities. The policy adopted has generally been to set matters right for the future and not to spend time in dwelling on the irrevocable save for the purpose of deriving guidance for the future administration of pension work. It will be noted that the staff of the Director of Army Audit have been able to bring to light certain cases of irregularity which had been over-looked by the Military Accounts Department even in their own process of research and reform.

14 *Conditions qualifying for family pensions*—Attention is invited to paragraph 37 of the Report. I venture to suggest that the Military Accounts Committee might ascertain whether it is really necessary to defer settlement of this matter. The Director of Army Audit has reported to me that an early settlement is desirable as further cases have come to his notice in which pensions have been admitted to individuals who would not have received pensions in similar circumstances under the Civil Service Regulations as administered on the civil side.

15 *Capitation Payments*—The Military Accounts Committee will no doubt wish to ascertain what further progress has been made in the settlement of the controversy regarding the capitation payments recovered from Indian revenues on account of British troops serving on the Indian establishment. The matter has been the subject of considerable discussion in the Public Accounts Committee in England in the last two years }

16 *Settlement of War claims*—From paragraph 6 of the Financial Adviser's review it appears that an understanding has eventually been reached that all War claims should be settled on the basis of no payments by either side. This is a question which has interested the Military Accounts Committee on previous occasions and they will no doubt wish to receive such further information as can be given regarding the final settlement, and any further action that may be required to ratify it }

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\*Paragraph 98 (c) on page 56 of Director of Army Audit's Report

†Paragraphs 9, 14 and 15 of the Report of the Home Auditor on the accounts of the Secretary of State

‡Paragraph 1 of the Report of the Home Auditor on the accounts of the High Commissioner for India



## APPENDIX XXXIV.

Note on the Vizagapatam Harbour Construction Project, furnished by the Railway Department on the 20th January 1932 with reference to paragraph 194 of the Proceedings.

SECTION I — *Expenditure.*

1925 — In 1925, the first stage of the Vizagapatam Harbour Scheme, costing Rs 223 lakhs and estimated to take 5 years to complete, was sanctioned by the Secretary of State. The figure of Rs 223 lakhs included Rs 30 lakhs for interest during construction, calculated at  $5\frac{1}{2}\%$

2 The scope of this scheme was, very briefly, to provide a harbour equipped with the minimum of facilities necessary adequately to deal with the trade likely to be handled during the first few years after opening, and to ensure uninterrupted deep water access thereto

This objective has remained unchanged throughout

3 The essential provisions were —

- (i) The acquisition of an area of land sufficient to meet the requirements of the first stage and all future expansion, and the reclamation of portions of it
- (ii) The construction of a 3-berth wharf, 2-berth open moorings, and an oil jetty
- (iii) The excavation of a 30' deep entrance channel, and waterways to give access to the wharf, moorings and jetty, and of a tidal scour channel to help to maintain it
- (iv) The equipment of the port with transit, customs and stores sheds, an oil depot, and the wharf lines, cranes, and electric installation to work them, together with the necessary offices, quarters, water supply, etc

4. In considering the financial prospects of this scheme the Government of India took into account —

- (i) That some Rs 18 lakhs (including Rs 2 lakhs interest) additional expenditure would be necessary to cover the contribution towards extra railway facilities necessitated outside the harbour area. This brought the total to Rs 2,41 lakhs, including Rs 32 lakhs interest charges
- (ii) That, for the 5 years succeeding the opening of the harbour, it was probable that the earnings would be only sufficient to cover working expenses, and that the Rs 74 lakhs interest accruing during this period would have to be added to the capital expenditure on the work itself

Allowing for this factor the total expenditure foreshadowed in 1925 was Rs 315 lakhs, which included a total of Rs 106 lakhs interest charges. On this the return anticipated was slightly under 5%.

Construction commenced in December 1925, and suction dredging in January 1927.

5 *Between 1925 and 1929*—At an early stage of construction certain additions were found necessary, and supplementary estimates amounting to Rs 30 lakhs were sanctioned by the Government of India.

These included anti-malarial measures, a manganese berth, storage sheds, a dry dock, additional dredging plant, cost of Preliminary Expenses and increased provision for General Charges.

Subsequently a further expenditure of Rs 16 lakhs was sanctioned for sheds, roads, fencing and miscellaneous.

6 *1929*—In 1929, after practical experience of local conditions, the Chief Engineer of the Harbour Construction proposed a revised lay-out for the whole scheme.

The main change suggested by the Chief Engineer was the substitution of two large docks for the series of small ones originally contemplated, and the main objects of his proposal, which was accepted by the Government of India, were —

- (i) to facilitate, and economise in, road and rail connections,
- (ii) to co-ordinate dredging and reclamation so as to obtain economy in execution;
- (iii) to reduce the length of quay wall necessary for a given number of berths,
- (iv) to effect economy by the abandonment of the tidal scour basin.

7 In the same year a review of the future revenues of the port showed that the probability of a lower sum than that originally estimated must be reckoned with. The sanctioned proposals were, therefore, re-examined to ascertain the feasibility of curtailing expenditure, and it was finally decided that one berth and two sets of berth cranes could be omitted, and storage space could be re-arranged and reduced without detriment to the capacity of the port to deal with the traffic likely to be secured initially and without in any way restricting the scope of future development. Altogether a total saving in the neighbourhood of 16 lakhs was anticipated.

8 *1930*—In 1930 a Revised Estimate was prepared, based on the then accepted proposals, and covering expenditure and interest up to the date of opening, which it was then anticipated would be December 1932. This estimate amounted to Rs 311 lakhs, inclusive of Rs 72 lakhs interest charges.

For the 5-year period succeeding opening, a further capital expenditure of Rs 14 lakhs on port equipment was predicted as being likely to be necessary to cope with the growth of traffic.



Adding this to the interest charges during this period, the total expenditure foreshadowed in 1930 was Rs 425 lakhs, including interest charges of Rs 167 lakhs

9 Before this estimate could be examined, a further revision became necessary owing to fresh data being forthcoming from which it was apparent, that, while on the one hand a more optimistic view might be taken as to the revenues of the Port during its earlier years, on the other hand the forces of nature were likely to prove a very much greater obstacle than was anticipated

10 The excavation and maintenance of a deep water entrance channel to a seaport is a technical problem that has engaged the attention of many of the leading experts of the day over a number of years, and was in this instance the subject of examination by a number of eminent engineers prior to the scheme coming to fruition

The consensus of opinion was that the rate at which the excavated channel might be expected to fill up again (*i.e.*, the amount of dredging that would be necessary to preserve the required depth), would be less than one hundred thousand tons of sand a year.

Actual experience, early in 1931, showed, however, that this quantity could be deposited in the course of a single storm, and that an annual rate of siltation in the neighbourhood of one million tons must be allowed for

This involves an inevitable increase, not only in the time and money required to reach the required depth (on which the opening of the port depends), but also in the expenditure necessary subsequently to preserve it

11 The purchase and employment of additional dredging plant to deal with this would mean an initial outlay of some Rs 22 lakhs, while the recurring charges of about Rs 11 lakhs would impose an extra burden on Port revenues which they are in no position to bear

Protective works (*i.e.* a breakwater), which would halve the recurring costs with a no greater initial outlay, are considered to offer a practicable alternative which has been accepted by the Government of India. The details of these protective works are the subject of current investigations on the completion of which the work will be started

12 1932 —A further revised estimate has just been prepared and an advance copy submitted to the Railway Board. It is divided into two parts, and amounts in all to Rs 507 lakhs, inclusive of Rs 181 lakhs interest charges

13 *Part I or Present Stage* —In this portion provision is made for all works, etc., that are necessary up to the date of opening the port, which is now expected to be the end of March 1933, together with the completion thereafter of a one million ton capacity sand 'trap' to ensure uninterrupted access when dredging is not possible

The total of this part of the estimate is Rs 308 lakhs, including Rs 72 lakhs interest, which compares with 31 lakhs including Rs 72 lakhs interest,

in the revised estimate of 1930 Though in certain directions there are increases they are rather more than offset by reductions elsewhere due in part to economies and in part to the exclusion of certain expenditure which can without damage to the interests of the port be postponed until the port has been opened

14 *Part II or 5 Year Period*—In addition to the postponed expenditure referred to in paragraph 13, this provides for further essential Works, etc., and extra facilities which it is considered that the expanding volume and nature of the Port's trade will necessitate

Among these may be instanced the Protective Works referred to in paragraph 11 (Rs 21 lakhs), an additional 1,500 H P Tug and other floating and Shore equipment (Rs 13 lakhs), an over all increase of 2' in the depth of rock removal (Rs 8 lakhs), the extension of the Southern Canal for Lighters with the Storage and Rail facilities incidental thereto (Rs 7 lakhs) and the further reclamation and development of the Port property

The total of Part II is Rs 199 lakhs inclusive of Rs 114 lakhs for interest on the whole capital outlay on the port during the five years following opening

15 For facility of comparison the estimates of 1925, 1930 and 1932 are set out in tabular form below, in lakhs of rupees —

			1925	1930	1932
Present stage	{	Expenditure	193	244	241
		Interest	38	72	72
		Receipts on Capital Ac- count	—8	—5	—5
	Total		223	311	308
Share of cost of extra rail- way facilities necessi- tated by harbour con- struction	{	Expenditure	16		
		Interest	2		
	Total		18		
5 year period ..	{	Expenditure	Nil	14	85
		Interest	74	100	114
		Receipts on Capital	Nil	Nil	Nil
	Total		74	114	199
Total	{	Expenditure	209	258	326
		Interest less receipts	106	167	181
Grand Total		.	315	425	507

16 The outstanding factor in the growth of estimated expenditure is the greatly enhanced dredging programme, with its concomitant protective works as an alternative to a still greater increase, and its direct effect on general charges and interest.

The items and amounts necessitating increased provision under 'Expenditure' are briefly, as follows —

(I) *Present stage, Net excess Rs 48 lakhs* — To the net figure of Rs 48 lakhs it is necessary to add Rs 13½ lakhs representing the cost of certain items provided in the original estimate, the execution of which it is now proposed to postpone until the 5-year period after opening. The additional items responsible for this Rs 61¼ lakhs are —

(a) *Dredging (Rs 46 lakhs)* — This is the excess on the combined items Dredging (33¾), Dredging Plant (10) and Reclamation (2¼)

The original (1925) estimate provided a sum of Rs 35 lakhs for dredging 1225 lakhs c ft of material (all kinds), the average rate being Rs 28-8-0 per thousand c ft

The quantity of dredging now estimated to be done in the 'Present Stage' is 2610 lakhs c ft or more than double, and the increase in cost would have been Rs 39½ lakhs, but for a reduction in the amount of rock dredging

The dredging plant originally allowed for was totally inadequate to cope with this quantity and additional plant, including a drag line excavator, 600 H P tug, barges and extra suction pipes were obtained

The cost of reclamation, i.e., the deposit on the harbour swamp land of the dredged soil, has been enhanced by the measures found necessary to stabilize it

(b) *General Charges (Rs 15 lakhs)* — The excess is made up of an enhanced annual charge due to increased work (1½), an addition of 2¼ years to the construction period before opening (7½), and the charges for one year after opening while the sand trap is being constructed (2½)

(II) *5-year period, Net excess Rs 85 lakhs* — This Rs 85 lakhs is divided between Protective Works (21), items postponed from 'Present Stage' (13¼), extra facilities that it is considered that the expansion of the port's trade will necessitate during the 5 years following its opening (46½), and the general charges on construction during this period (5½)

## SECTION II — *Revenues*

17. In the original estimate (1925), submitted to the Secretary of State, the gross revenues during the 'few years after opening' were estimated at Rs 19.19 lakhs, and the net revenues at Rs 15.29 lakhs, equivalent to a return of slightly under 5% on the capital outlay

In 1929, the Traffic Manager estimated the gross revenues at Rs. 12.8 lakhs, but later on, after further examination and experience placed them at Rs. 18 lakhs.

The present estimate is as follows —

Lakhs of Rupees						
Period after opening	1st year	2nd year	3rd year	4th year	5th year	6th year
Year	1933-34	1934-35	1935-36	1936-37	1937-38	1938-39
Gross Receipts	9 87	14 14	19 26	24 08	27 37	29 03
Expenditure	6 42	16 20	16 52	14 63	13 43	13 82
Net Receipts	3 45	—2 06	2 71	9 15	13 94	15 21

18 That is to say, that in the 6th year after opening the net revenue is expected to be about 3% of the Rs 507 lakhs capital outlay, or slightly over if the surplus during the 5-year period are devoted to the reduction of the capital debt

19 Working expenses will be influenced to an appreciable extent by the quantity of dredging to be done

During the first year after opening, this will be small owing to the deposited silt being caught by the sand trap made by the construction engineers

During the second and third years, the protective works will be still incomplete and the full quantity of dredging will have to be done at the cost of maintenance

From the fourth year onwards it is hoped that the completed protective works will effect a permanent reduction of not less than 42% in the annual quantity of dredging necessary

## APPENDIX XXXV.

Memorandum regarding concessions obtained by the Military Department from Railways, furnished by the Railway Department on the 20th January 1932 with reference to paragraphs 14 and 53 of the Proceedings

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On the basis of the earnings on military traffic booked during the month of June 1931 from eight stations on the North Western Railway, the Railway Department estimate that the special rates allowed by Railways for the carriage of military traffic may be taken as giving the Military Department an advantage, as compared with the charges that would have been payable if the ordinary tariff rates had applied, of about Rs 77 lakhs per annum on Class I Railways, which include five State-managed lines, seven Company-managed lines and two Indian States lines

2 In addition to the above, the value of the concessions which Railways allow to military personnel travelling on leave at their own expense is estimated for Class I Railways at Rs 14 lakhs per annum

3 The question of the continuance of these special rates and concessions is being taken up with the Military authorities

4 In this connection, it may be noted that the contracts with Railway Companies generally provide that the rates chargeable for military traffic over lines worked by them should be the same as those charged on State Railways. If the special rates for military traffic were withdrawn and ordinary public rates charged instead, the earnings of Company-managed lines from military traffic would increase and consequently also their surplus profits. This would mean a definite loss to the revenues of the Government of India. Of the total earning, viz, Rs 91 lakhs, from military traffic of Class I Railways during 1930-31, the share of Company-managed Railways and of the two railways owned and worked by Indian States, viz, the Jodhpur and His Exalted Highness the Nizam's State Railways (who charge for military traffic the same rates as apply on State lines) amounted to Rs 15½ lakhs



## APPENDIX XXXVI.

Memorandum regarding allowances drawn by officers and subordinates of the Posts and Telegraphs Department serving in Burma, furnished by the Financial Adviser, Posts and Telegraphs, on the 21st January 1932 with reference to paragraph 37 of the Proceedings.

1 The following memorandum describing briefly the various allowances drawn by officers and subordinates of the Posts and Telegraphs Department serving in Burma has been prepared in compliance with the wishes of the Public Accounts Committee expressed in their sittings during November 1931

2 Apart from heavier travelling allowances, the following kinds of allowances form the principal factors to account for the large expenditure in Burma, as observed by the Committee —

(a) *Burma allowance* (in accordance with Government of India, Finance Department Resolution No F-8-X-R -I/29, dated the 14th September 1929, and Finance Department memorandum No F-8-R I/29, dated the 11th March 1930)

(b) *Compensatory (cost of living) allowance* (which includes *Rangoon compensatory allowance*)

(c) *Rangoon House-rent allowance* —(Vide Government of India, Finance Department Resolution No D/5067-C S R, dated the 10th October 1924)

3 *Burma allowance* —This allowance is granted to the Gazetted officers of the Posts and Telegraphs Department serving in Burma, in common with other officers of the Central Government, mainly on the ground of unfavourable service conditions in Burma, the rates of the allowance being fixed on the following scale —

Pay	Amount of allowances
Rs	Rs
200—299	50
300—399	60
400—499	75
500—599	90
600—799	105
800—999	120
1,000—1,499	135
1,500—1,999	150
2,000 and upwards	165

4 *Compensatory allowance* —(a) In addition to the Burma allowance, the Posts and Telegraphs Gazetted officers along with other officers of the Central Government receive further compensatory allowances when stationed in Rangoon and other special localities in Burma, *e g*, Monywa, Shwebo, Mandalay, etc, the Rangoon compensatory allowance being practically equal in amount to the Burma allowance

(b) The non-gazetted selection-grade officials of the Posts and Telegraphs Department stationed at Rangoon are granted compensatory allowance at rates varying from Rs 35 to Rs 60 a month, unless they are provided with rent-free quarters or are given house-rent allowance in lieu, in which case they become entitled to the compensatory allowance at only half the sanctioned rates

(c) Following the lead of the Local Government in the matter of payment of compensatory allowance to its non-gazetted subordinates serving in special localities in Burma, the Posts and Telegraphs officials on the ordinary clerical time-scales of pay and lower-paid staff of corresponding status employed in the same localities are paid compensatory allowance on the basis of percentages of pay in consideration of the expensiveness of living, remoteness of locality and lack of amenities of life. This allowance is paid in as many as 14 Districts (as for example, Bhamo, Chin Hills, Magwe, Meigui, Northern Shan States and Southern Shan States, etc), and the rates vary from 25% on pay to a maximum of Rs 5 up to a pay of Rs 29 and thereafter 20% on pay subject to a maximum of Rs 30 " to " 75% on pay to a maximum of Rs 18 up to a pay of Rs 29 and thereafter 60% on pay subject to a maximum of Rs 120 " Telegraph subordinates, both in the Traffic and Engineering Branches, such as Telegraph Masters, Telegraphists and Engineering Supervisors etc, also enjoy compensatory allowance in special localities on similar percentage basis, though at different rates, which vary generally from " 30 per cent on pay with a maximum of Rs 40 " to " 15 per cent on pay with a maximum of Rs 40 "

5 *House-rent allowance* —Besides the Burma allowance and the Rangoon compensatory allowance, the Posts and Telegraphs Gazetted Officers stationed in Rangoon, like other officers of the Central Government working there, receive a house-rent allowance representing the difference between the actual house-rent paid and 10% of pay, subject to a maximum of 10% of pay

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## APPENDIX XXXVII.

Note regarding the outfit allowance given to Delegates and Advisers sent to the International Labour Conferences, furnished by the Department of Industries and Labour on the 25th January 1932 with reference to paragraph 128 of the Proceedings.

Prior to the year 1924 there were no detailed rules regulating the terms of deputation of the non-official representatives of employers and workers who were sent to the annual sessions of the International Labour Conference. Consequently there was no uniformity in the terms granted and on each occasion Government had to consider such questions as the class of passage to be allowed, outfit allowance, etc. To avoid this difficulty rules were framed in 1924, with the approval of the Secretary of State in Council, governing the allowances to be granted to the representatives of employers and workers. The rule governing the equipment allowance or the outfit allowance, as it is called in these Rules, is as follows —

“ 2 In addition, the Government of India can allow, in necessitous cases, an outfit allowance not exceeding Rs 500 to meet actual expenses necessarily incurred by representatives in the purchase of clothing which they would not normally require but for the Conference ”

The allowance is paid on the production by the representative concerned of vouchers in support of the claim

The allowance is claimable by both the representatives of the employers and the workers, but in practice there has not so far been any case in which the claim of a representative of the employers has been allowed, and on one occasion the claim of a workers' representative was also disallowed. Details are not available regarding the precise pecuniary circumstances of the representatives of workers, but it would not appear that any of those getting an allowance could be described as in affluent circumstances at the time when the allowance was made





It must be remarked that there are two circumstances, one natural, and the other arising from the land-tenures, which have made it difficult to adopt the Bombay system in its original form

As regards the first, the soil is such that land cannot be properly cultivated year after year without fallow. This is said to be due partly to the absence of rainfall, partly to the abundance of waste, which renders it easy to adopt a kind of shifting cultivation. In the first, or 'original,' Settlement, the land was divided into rather large survey numbers, it was estimated what portion of the number could be cultivated annually, and the whole number was assessed on that basis only. This was what is known as the 'diffused rate' system. But the cultivators took an unintended advantage of it, they ploughed up the whole land in one year in a hasty and imperfect manner, and then, as the soil was exhausted, 'relinquished' the entire number and took up new land. The 'original' Settlement was also marked by the difficulty already indicated, about Zamíndárs' waste. It was at first proposed to include all waste that fairly belonged to the zamíndári in the survey, but then the Zamíndáris as registered occupants would be liable to pay the whole assessment, and this they were unable to do. In 1875 a proposal for leases on a reduced lump-assessment was made, but this was apparently still too high, for no one availed himself of the permission. Then it was that the new system came into force, which allowed assessment to be paid only on cultivated lands, but a lien to be retained on fields that were by custom left fallow. The first, or original, Settlement was made for ten years only, and is now practically at an end<sup>1</sup>

### § 3 *Revision*

The revision Settlement is based on a more minute survey, making the 'numbers' of a much smaller size. Each is regularly assessed, but the holder of land can register himself as occupant of as many numbers as are

<sup>1</sup> One taluka (Tando Allayar) alone remained in 1888

comprised in his holding, and can, under certain rules, allow some of the fields to lie fallow, retaining his lien on them (without payment) during the period allowed. If he chooses to cultivate, he pays full assessment. In 1888, eighteen *tálukás* had been put under revision Settlement.

#### § 4 *'Irrigational Settlement' as a Transition Measure*

Pending the introduction of the revision, the 'original' Settlement has been replaced by a kind of temporary intermediate system spoken of as the 'irrigational' Settlement, because the survey and classification of soil not being complete, attention was only paid to the different kinds of irrigation (already explained). Under these differences there is (1) greater or less security for a fair crop, and (2) greater or less cost and labour as, e.g. when the water has to be raised by lift, and by labour of men and cattle on the Persian wheel. Some twenty-five *tálukás* are under this transitional form of Settlement<sup>1</sup>.

In Thal and Párkari it has been mentioned there are still seven *tálukás* unsettled, and there a sort of lease of a tract is granted on a cash payment, irrespective of what part is cultivated and what is not. This is known as the 'thali' system. The cultivation takes place on the 'thal,' or low land, between the sand hills, where a little moisture collects. The area culturable varies with the rainfall. A rate is accordingly arranged which covers the average area culturable. Thus, a 'thali' of from one to five acres pays a fixed rate of R 1, a thali of five to ten acres pays R 2, and so on.

In one part, a system of payment on ploughs ('autbandi') is adopted as suitable to the sparse and almost casual cultivation, the area of which cannot be known or demarcated (Nagai-Párkari *Táluká*).

#### § 5 *Alluvion and Diluvion*

As might be expected, the changes in the river Indus make rules under this head, of importance<sup>2</sup>. Land sepa-

<sup>1</sup> It will be observed, that here Settlements are always by *tálukás*, in fact these large thinly-populated Collectorates were ill-adapted to

any other territorial division of Settlement.

<sup>2</sup> See *Handbook*, Chap VIII p 181 (3rd edition).

rated from the main waters of the river or seashore, by a channel that contains water throughout its length the whole year through, is an island, and belongs to Government. The occupancy is sold annually. And newly thrown-up islands are dealt with in the same way. Land not separated by such a channel as that mentioned, is held to belong to the estate on the mainland, and subject to assessment under rules stated.

The alteration of the course of the stream which leaves a portion of the estate recognizable, but in a different position, does not alter the tenure.

As to small additions and losses to riverain holdings, the rule of one-tenth, already alluded to (p 314), is followed, with the qualification that the assets of the *entire holding* are considered, and reduction is granted only if it appears that a loss of one tenth or more, on the whole, has occurred.

#### § 6 *Form of Assessment—The Native Method*

Under the Tálpuí rules, a complicated system of 'batái,' or sharing of grain, was the universal method of taking a land-revenue. The Zamíndár was responsible for the collection. In some cases, as a favour, he was allowed to take the batái himself and pay to the State Treasury a fixed sum in money. Cash rates (here called 'mahsúlí'—the zabtí of other parts) were also taken on certain crops, as cotton, indigo, sugarcane, or vegetables, which do not easily admit of division in kind. And in some places the division of crop was regulated (as in all Native States) by an estimate without measurement (the kankút of the Panjáb) called 'dánabandi,' or 'nazarandáz' 'Khásgí,' meaning a contract for a specific amount of grain, was spoken of in certain parts of the country.

The batái was the commonest method, and was easily supervised. The country was divided into paiganas and then into tappas, or circles. Each tappa was looked after by a 'káidár' And over the paigana was a 'sazáwalkár'.

The village had a 'dharwái,' or weighman, and a 'tappa-dár,' a sort of patwáí, whose duty it was to put a seal on

mark (tappa) on the grain-heaps when cleaned in the 'kháia,' or threshing-floor, which was the scene of the 'batái' <sup>1</sup>

### § 7 *Modern Assessment*

The principle of soil classification and assessment is in no way different from that of the Bombay system generally

Soil classification disregards depth, for that is not of importance in an alluvial valley, as it is in the Dakhan. The degree of admixture of sand is the prominent feature, and then the means of irrigation are all important. Land is classified according as it is 'inundated' by the river ('sailáb') or is watered by canal. If there is a flow owing to the levels being favourable, the water is led on to the land by channels only, and this is called 'mok' if a lift is required, the canal being below the level of the fields, the

<sup>1</sup> There is a good account of the Talpuri administration at p. 46 of the *Gazetteer*. Under the head of 'Naushahro' also, a curious report by Lieutenant Jameson is summarized, which gives a vivid and detailed picture of the batái process in the villages. Here we see the Government divider (batáidár), with the obsequious dharwái, ever ready to make the measuring scales show just what is wanted, and the káidú and the 'tappadar' all assembled. The Government share, say, is one in three and the grain will have been placed in three primary heaps but already there are 'abwab,' or extras to be provided, so, a fourth heap, smaller than the others, is made. When the Government has taken its share, then the zamindar's 'haq' is taken, then the cultivators', then the carpenter's — an important person, because he makes all the wheelwork for the irrigation — and the potter, who provides the pots that raise the water, lastly come the other village servants. What remains is again divided between the Government for 'expenses' and the cultivator. All the shares are estimated by the batáidú on the basis that the original heaps contained so much, and he puts down all the different

shares on his khásia, or list. Then he discovers that some grain has been concealed or kept back (which is very likely), for this he takes a further share out of the poor cultivators' lot, under the title of 'kundi' and puts it down separately on his list. The dharwái now weighs out the shares, the pátwái praying for full measure, the batáidár ordering the reverse. It generally happened, however, that the actual quantity was in excess of the batáidár's estimate, so that when the weights were separated according to the list, the excess was redivided. There are other details for which the original must be consulted. At last the Government grain being again sealed by the 'tappadar' it had to be carried to the granary ('ambakhana') by or at the cost of the cultivators. One only wonders how any country could subsist under such a system. But doubtless the people knew how to make the thing work — and concealment of grain and so forth were largely practised. And there was this advantage, that in bad years or when the crops failed, there was no wringing out of the people revenue rates which there was no crop to meet.

land is *chaikhí* the lift used in Sindh is a Persian wheel ('*chaikhá*,' and if smaller, '*chaikhí*'), lastly, there are fields classified as 'perennial wheel' ('*dáka*'), because, though the water is lifted, there is a *constant* supply,—or a supply sufficient to water the wheat that will ripen in spring

## SECTION V —THE OFFICIAL STAFF

It may now be stated briefly that the Revenue Code (Bombay Act V of 1879) is enforced in the 'regular' Collectoriates (Haidarabad, Shikárpur, and Karáchi) and in some *tálukás* of the Upper Sindh Frontier district, though not in all. It is not applied to Thar and Páikar. The whole of Sindh is a Scheduled District under Act XIV of 1874.

The province is under a Commissioner directly subordinate to the Government of Bombay. Bombay Act V of 1868 enables the Governor of Bombay to delegate to him certain functions of the Local Government, chiefly under the Criminal Procedure Code, the Forest Act, and certain other laws.

The very large Collectorates are divided into Deputy Collectorates<sup>1</sup>, under Uncovenanted Deputy Collectors, and Covenanted (and military-commissioned) Assistant Collectors (described as Head, Second, and Third Assistant Collectors).

The Deputy Collectorates are again divided into *tálukás*, these are under *Mukhtyárkáís* (Tahsildárs of other parts) with magisterial powers. They are aided in 'tappas' (the smallest subdivision of a *táluká*) by *tappadárs*, who have only revenue duties and may be compared to the *mahálkái* of Bombay. There are two or more 'superintending *tappadárs*,' who look after the others, like the 'general duty *kárkun*' of Bombay.

Village officials hardly existed in former days, but the

<sup>1</sup> Certain Deputy Collectors assist at the Huzar or head-quarters and are called Huzar Deputy Collectors. The Commissioner and the Col-

lectors have also office assistants called *Daftardárs*, who are graded as Deputy Collectors.



Act of 1881, already alluded to, is designed to aid in the reconstruction as Settlements progress.

§ 1 *Revenue Business and Procedure*

There is no occasion for any separate remarks under this head. Generally the rules and orders in the Bombay Handbook (already described) prevail. Where there are special local matters, they are regulated by local standing orders or circulars.

## PART III — BERÁR

### CHAPTER I THE SETTLEMENT.

#### „ II THE LAND TENURES

#### „ III THE LAND-REVENUE OFFICIALS, AND REVENUE BUSINESS

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## CHAPTER I

### THE SETTLEMENT

#### SECTION I—INTRODUCTORY

##### § I *Origin of the Province—not subject to the ordinary Law.*

THE province of Berár was, as explained in Vol I (p 49), assigned to the British Government by the Nizám of Hyderabad, to pay for the support of the military force called the 'Hyderabad Contingent,' and also to repay some accumulated arrears of debt

There have been several treaties, which from time to time provided various changes owing to the increase of the debt and other circumstances. The treaty by which the present system was formulated was signed in 1853, and this, together with some supplemental agreements up to A D 1860, places the Berár districts, in their present extent, under the exclusive management of the British Government. The surplus revenues, after paying the cost of administration and the maintenance of the Contingent, are repaid to the Hyderabad Treasury.

Under these special circumstances, the districts are not British territory—ceded absolutely in such a form that

British law is necessarily in force—they are technically foreign territory made over to British management in perpetuity their administration is consequently regulated by the will of the Governor-General in Council. No Act of the general Legislature has any force, *proprio vigore*, and when orders appear ‘extending’ Acts, that merely means that the Governor-General adopts such Acts as expressing his wishes on any subject to which they relate<sup>1</sup>

## § 2 *Form of Administration*

The administration is carried on through a Commissioner of Berar<sup>2</sup>, who is the chief revenue and administrative authority, in subordination to the Resident at Hyderabad. Under him are Deputy-Commissioners of districts, with their Assistants and Extra Assistants, as in a ‘Non-Regulation Province’

## § 3 *No regular Revenue Code*

For regulating matters not requiring the orders of the highest authority, or for communicating and explaining such orders, ‘Book Circulars’ are issued both by the Resident and the Commissioner, these are now regularly printed, and are authoritative, since they are the orders of officers delegated to issue them (as part of their official duty) by the Governor-General. The matters which in another province the Board of Revenue or Financial Commissioner would regulate, are dealt with by the Resident, and the Commissioner’s Circulars deal pretty much with the same subjects that a Commissioner in any other Province has power to regulate

<sup>1</sup> As a matter of fact, all the general Criminal and Civil laws, the Stamp law, Land Acquisition Act, Registration Act, and so forth, are in force, with or without certain modifications, as the case may be, but their force is derived from the executive authority above described, not from their being Acts of the Indian Legislature

On certain subjects, as forests, there are special rules, and there

are many Acts not in force. But speaking generally, in the matter of law, Berar is administered very much like an ordinary Non-Regulation Province

<sup>2</sup> Formerly there were two, one for East, and one for West Berar, and owing to this division of the Eastern and Western districts, the province was often spoken of as ‘the Berars’

Many matters, especially in Land-Revenue business, with which alone we are concerned, still remain regulated by custom or by the practice of the Courts

Though the Settlement was made under the Bombay system, the Bombay Revenue Code has not been introduced. Its introduction was at one time proposed, but now a special Code of Revenue Rules is under preparation.<sup>1</sup> In view of this Code being published before long, I shall not go into details as to the old or existing rules, but rather deal with the salient local features of Settlement and Revenue practice which are not likely to be altered, though they may be defined and regulated, by the new Code.

I propose, therefore, first to notice the Berár Settlement, which, as just stated, was made on the Bombay system, with some special modifications adopted to meet local requirements. I shall next proceed to discuss the land-tenures, after which the official staff and the revenue business of the district will be described, so far as their main features are concerned.

## SECTION II —THE SURVEY-SETTLEMENT

### § I *Discussion as to the form to be adopted*

I have already presented an outline of the 'raiyatwárá' Settlement system as developed in Bombay. In the course of this, allusion was made to the fact that in some parts of the Presidency, villages once existed in which a joint-landlord class had grown up, a circumstance which gave rise to the question whether a village Settlement on the North-Western Provinces' model could not be adopted. It is, then, not altogether surprising to learn that in South Berár some of the earliest of the short Settlements (I believe they were annual), made on our first assuming management in 1853, were actually made 'mauzawár,' i.e. by assessing a lump-sum on the whole village, and a Settlement on the

<sup>1</sup> At the time I am writing (in 1891) an officer was on special duty to prepare the Code, but it is not

in a sufficiently forward condition for me to describe it

North-Western Provinces' system was even ordered for the whole province<sup>1</sup>

### § 2 *The Raryatwārī System adopted*

But ultimately a Settlement on the Bombay principle was decided on

It may be mentioned, however, that in Berār, at a later period, an attempt was again made to modify the Bombay system by grafting on to it a 'record of rights' on the North-West model. As the Bombay system neither requires such a record, nor possesses the requisite machinery for making it, some confusion naturally resulted, while the record itself, as far as it went, was useless. The demand for it is another instance of the curious influence which particular systems exercise over the minds of those who are accustomed to them. Seeing the prominent place that a record of rights has under the circumstances of a North-West Province Settlement<sup>2</sup>, it was thought that a record of rights would be a useful corrective to the Bombay system, whereas it only proved a source of considerable correspondence at the time and has now been forgotten

### § 3 *Survey and Assessment on the Bombay System*

At the time of Settlement, the rules of the Bombay Joint Report, with which the reader of the preceding pages is by this time familiar, were adopted (with certain modifications), and a Code of simple rules was drawn up, which was sanctioned by the Government of India<sup>3</sup>

<sup>1</sup> *Berār Gazetteer*, 1870 (Bombay Education Society's Press), pp 94 and 96. It would appear that the plan was to make the headmen proprietors, as in the Central Provinces, unless there were surviving proprietary bodies, or lands were held by descendants of old families who could be settled with as joint proprietors.

In speaking of the tenures, I shall again refer to the surviving traces of a former existence of landlord

families in villages

<sup>2</sup> The North-Western systems, allowing a middleman proprietor between the riyat and the State, or else dealing with joint bodies of sharers, there being (often) a variety of other co-existing rights, have to guard carefully the rights of other landholders by inquiry and record.

<sup>3</sup> No 407, dated 10th December, 1866, to the Resident at Hyderabad.

The principles of survey and assessment are not described in the rules these operations were done by Bombay officers already familiar with the work under the Presidency rules in force at the time The differences introduced by the local rules are chiefly in the matter of certain rights and duties of the occupants, which will be mentioned in their place

This procedure was applied to the whole of Berár except to the *táluká* or hill tract of the Melghát in the north (*Sát-púra Range*), this is a vast tract of forest inhabited only by wandering jungle tribes of Gonds and Kuikús, to whom such a system was inapplicable

For all details as to survey, demarcation of the fields, and method of assessment, the student must recur to the preceding chapter on the Bombay system It may here, however, be noted, that the village maps were made on a scale of five inches to the mile The survey was complete, combining the local accuracy of the topographical survey with the detail of the revenue survey The boundaries of districts and *paiganas*, *tálukás*, and other local divisions (for villages and territories belonging to different States were sometimes intermingled) were laid down The position of towns and villages, as well as of buildings, tanks, and local objects throughout the country, was shown The course of rivers and streams, as well as roads, was accurately given A village map on so large a scale as five inches can show every detail of importance At the time of survey, too, a census of population was taken, as well as of cattle, ploughs, and carts 'Remark books' were provided for the villages, showing all local items of information, so that what with the registers of land, and accounts showing the assessment of each field, the detail of *ináms* and service-payments and of the village expenses, the most complete information exists regarding the condition and resources of every village

The Berár Settlement was sanctioned for thirty years<sup>1</sup>

The assessment is stated (by Settlement Rule II) to have

<sup>1</sup> *Gazetteer*, p 96, and Settlement Rules, 1

included all cesses, but that means cesses levied under the old Native Government on land, and it includes the road cess. The cesses for education (1 per cent) and the 'jágla' or watchmen's cess, are separate, and are levied in one sum at the rate of fifteen pies per rupee.

In Berár the jágla and inám (revenue-free) villages were surveyed with the object of being assessed for statistical and other purposes. But the order for assessment was afterwards cancelled.

At the close of the thirty years a 'revision' Settlement will be made, and is now in progress in some districts.

By the Berár rules, the *revised* assessment will be fixed—  
'not with reference to improvements made by the owners or occupants from private capital and resources during the currency of any Settlement, but with reference to general considerations of the value of land, whether as to soil or situation, prices of produce, or facilities of communication'<sup>1</sup>

I may here call attention to the fact that, some years ago, the survey statistics were reviewed and 'compiled,' so as to bring out a number of data which were not separately on record. The results of this compilation will be found in Commissioner's Book Circular No I of 1881.

I may also mention that it is the practice in returns, &c, shortly to indicate all land paying revenue to Government as 'khálsa' land, while 'alienated' land (as in Bombay) means jágla or inám land, the revenue of which is assigned or remitted, in perpetuity, or for a term, as the case may be.

When the survey was made, not only were the occupied cultivated fields surveyed and marked, but the 'gáonthán' or village site was allotted, and lands were reserved for free grazing to the villages. The Madras term 'puiambok' was used for numbers that were uncultivable (generally) by reason of having tombs, sites of wells, &c, on them. And the Bombay plan of allowing parts of numbers to be de-

<sup>1</sup> Settlement Rules, No 11. This has been described in detail for principle closely resembles what Bombay

ducted from the culturable area, as bad bits ('pot-kharáb') was followed.

#### § 4 *Nature of the Survey-Settlement as regards landed-rights.*

The assessment is on the land not on the person, each survey unit, having been classified and valued and assessed accordingly, the rightful occupant may continue to hold it (at the rate in force for the period of Settlement) as long as he pleases, or he may relinquish it if he cannot afford to pay the assessment<sup>1</sup>

There is no *quasi* judicial, or actually judicial, inquiry by Settlement Officers into all classes of rights as under the North-West system. Nor is it necessary, for the survey system does not deal with joint villages, or with other forms of proprietary tenure in which the customs of sharing, and the distribution of the revenue-burden have to be decided on and recorded, nor is there any artificial creation of landlord-right, or decision between ancient and modern claims, resulting in *grades* of right. Actual occupation is the test. In all cases, or on the admission that the occupant is not the *khátadái* but only a tenant, the proper person will be entered. But all *disputed* cases as, e g what the extent of the share is, or whether the occupant claiming is a co-sharee or only a tenant under the other, and so forth, are disposed of on the merits by the Civil Courts. The result of the decree will, where necessary, be noted in the registers kept by the Revenue Officers.

#### § 5 *Rules regarding Trees on the Land*

The right to growing trees was regulated by Settlement Rules I, II, X, XI. These rules distinguish between trees on lands in occupancy, and those on waste, numbers

The following classes of occupants own *all* trees on their land, and may, of course, cut and sell them at pleasure—

<sup>1</sup> Under the head of Tenures I shall revert to this subject, and explain it more fully. See Settlement Rule V, and compare B Rev Code, section 73.



- (1) Inámdárs who are in actual possession, including holders in jágú and perpetual lessees (pálampat-dái)
- (2) Ordinary occupants who have been in occupation for a period anterior to the age of the trees, or for a period of twenty years
- (3) Other occupants who, under Settlement Rule VI, have purchased the trees

In the case of waste or unoccupied numbers, applicants for the land have to buy the trees on it<sup>1</sup> Practically, it comes to this, that Government retains a right over the trees on *waste* land, but disembarasses itself of the right when the lands become occupied The whole (rather complicated) history of rights in trees will be found reviewed in detail in Commissioner's Book Circular XIX of 1881, the outcome of which was the Resident's Book Circular X of 1882

The Commissioner's Circular shows what the native customary principle was, and what the practice has been in districts during the progress of Settlement All the difficulty arose out of the custom that the tree *did not* follow the soil, but that one man might own the tree independently of the occupancy of the land

Circ X of 1882 If a man relinquishes a number, he now relinquishes its trees, wells, buildings, and all

In waste lands (not being forests or under special rules), if a person wants to cut wood for agricultural purposes, he must get permission from the village officers The táhsildár must be asked for timber for repairing buildings, but if the occupant wishes to cut any large number of trees, or to cut them for sale, he must apply to the Deputy-Commissioner, who can impose 'any conditions that may appear advisable'

Sett  
Rule X

### § 6 *Shares in Holdings*

The Register of 'survey numbers' shows, for convenience of administration, one occupant as *the* khátadái or occupant,

<sup>1</sup> See Resident's Circular X of 1882, abrogating the latter part of Rule II

to whom the Government looks as responsible primarily for the revenue. But there may be several co-sharers in the field. These can protect their rights by getting their names and fractional or other shares noted in the register. In case of default by the principal occupant, the co-sharers can save the number from sale, by themselves paying up the arrears, and the Collector can also protect the interests of the co-sharers by transferring the defaulting interest to them (compare the Bombay rule on the subject). Co-sharers in Berár, however, can, under no circumstances, claim, under the revenue law, to have their shares demarcated or separately registered. If there is a dispute, and a decree of the Civil Court is obtained, a person decided to be a co-sharer can get the share decreed separately demarcated, provided the subdivision does not go below a certain minimum<sup>1</sup> area which is fixed for convenience at a different standard for lands above and below ghát, i.e. upland or lowland districts. Even when a registered occupant dies, only the eldest or principal heir is entered in his place. The co-sharers cannot get their shares separately registered as independent holdings, though their interests are noted in the record under the principal holder.

Comr's  
Book,  
Circ XIX  
of 1879

Bombay  
Rev Code,  
sec 81

Res B  
Circ XLV  
of 1877

No inconvenience whatever has been felt in practice from this rule, which prevents joint holdings breaking up into severalty. The practice is therefore different from that of Bombay, where the modern rules provide for the separate demarcation, registration, and survey of almost every separate share, however small, at Settlement time, and allows the separate demarcation of shares afterwards, provided the operation will not reduce the several plots below the recognized *minimum* size<sup>2</sup>.

It will be understood, that 'co-sharers' mean several persons whose rights are of the same class. In speaking of 'co-sharers' we do not refer to cases when there is an occupant and a *tenant* under him on the same land.

1	Minimum In districts above ghát	Below ghát	Rice Garden	Above ghát	Below ghát
				2 acres	1 acre
Dry	6 acres	5 acres	2 See p 220, ante	1 acre	$\frac{1}{2}$ acre

§ 7 *Rights in alienated Villages*

As regards the right which jágídáis and other grantees have in land, I shall mention the subject under the head of Land Tenures. Here it will be enough to say that the Settlement Rules at first prescribed the survey and assessment of alienated villages just as if the revenue was payable to Government, but this order was subsequently modified<sup>1</sup>. The jágídái makes his own arrangements as to the rents payable to him by the tenantry, and it is only in case the occupants have held from a period antecedent to the grant, that they are specially protected by the rule which declares that in that case the grantee cannot take more from them than what the Government assessment would be. The grantee is allowed to dispose of waste or unoccupied land as he pleases, and we have seen that he holds the right to trees on the estate. The rule goes on to provide that if the grantee can show that his grant gives him the 'proprietary' right, or that his estate was waste and uncultivated when granted, and that he has settled and cultivated it, then he is deemed *the proprietor* in set terms, and such right continues, even though the revenue-grant should, from any cause, lapse, and the lands become liable to pay revenue to Government. Thus, in principle, every grantee is owner of exactly what his grant gives him, each case on its own merits<sup>2</sup>—of the land if the grant proves it, or of the revenue only if it does not.

## SECTION III—THE LAND-RECORDS

The only general record that the system requires, besides the village-map, is a detailed register of every field with the name of the 'khátadái,' or registered occupant, and admitted co-sharers may be recorded as such<sup>3</sup>. I have

<sup>1</sup> By Notification No. 118, 4th December, 1877.

<sup>2</sup> See Resident's Circular XXIII of 1879.

<sup>3</sup> My acknowledgments are due to Mr A. J. Dunlop (then Assistant

Commissioner of Akolá), who kindly showed and explained to me some Settlement Records. The papers are prescribed in Commissioner's Book Circular XLIII of 1878.

already alluded to the attempt made to add a record of subordinate (tenant) rights. For the purpose of such a record rules were made called the 'Sub-tenancy rules,' but they were a dead letter from the first<sup>1</sup>

Land-records may be enumerated as follows —

- (1) The original village-map for record, and lithographed copies of it for reference
- (2) *Pahani-Sud* A statement (like the 'khasra' of the North-Western Settlements) showing a list of the fields with serial numbers (as in the map) and the name of occupant at the time of survey
- (3) 'Akárband,' a statement of the assessment of fields shown in detail under three kinds of cultivation (dry, rice, and garden), and the rate per acre
- (4) The 'wásalbákí,' a comparative statement showing (1) the *old* village numbers, names of fields, areas in bighás and old assessment as they were under the system antecedent to the survey, and (2) the same holdings as they appear under the new survey with the numbers, area, and assessment under the existing Settlement. Thus the statement forms a kind of 'balance-sheet' (whence the name) between the previous and the present order of things
- (5) The 'phesal-patrak<sup>2</sup>,' showing the persons who were admitted and recorded at the time of Settlement-survey as 'the occupants' of land, with area and assessment
- (6) 'Phod-patrak,' showing the area (with its share of assessment) held by each cultivator when there are more than one in a survey-number, (as e.g. where two small holdings have been clubbed under one number, or there are definite shares in

<sup>1</sup> The only rule of the series which is practically in force is rule 10, which refers to co sharers (not tenants), and gives a right of pre-emption to the remaining sharers

in case one sharee wishes to sell

<sup>2</sup> The word is 'faisla' = decision, written in Marathi it becomes 'phesal'

a number held by a family, but in one name under the rules)

- (7) The 'inám patrak,' a list of revenue-free or 'alienated' holdings
- (8) A statement of 'numbers' reserved as village grazing grounds, or for other village 'common' purposes
- (9) A record of forest tracts and 'bábul-ban' (waste numbers covered with *acacia* trees valuable as fuel) set apart by the survey

## CHAPTER II.

### THE LAND-TENURES

#### SECTION I—INTRODUCTORY

##### § 1 *Present Features of Beárá*

THE ‘khálsa’ villages in Beárá at the date of survey-Settlement were, speaking generally, found to be raiyat-wari villages, i. e. aggregates of individual holdings of land, there being no difference between one class of landholder and another as regards right. The village was, as usual, managed by a headman and accountant, and had its staff of menials and artisans but this was all that bound it together. The cherished possession by these hereditary officials, of land held in virtue of office and family right, is here common. With this form of village ‘community’ the reader is already familiar. Much also of what has been said in the Chapter on the Central Provinces Tenures, regarding the pátel and his ‘watan,’ and of the other features of village constitution, is equally applicable here.

It was, as I then remarked, a distinctive feature of the (Maíáthá) administration which preceded ours, that it always believed itself to be consulting its own interest when it dealt direct with the cultivators, wherever it was firmly established, so as to be able to carry out its own theory implicitly, it allowed no agents or middlemen (except on the smallest scale for single villages) to intercept the State revenues. Consequently, neither the revenue officials nor the headmen nor any others had that opportunity for developing, as they did in the Central Provinces,

and the Konkán of Bombay, into the position of proprietors of the whole village. At the same time a system of heavy assessments, levied on every one alike, must always have a tendency to obliterate any distinctions that may have come, at some former time, into existence, such as the claims of certain persons to be members of families who were landlords, or co-sharers, and superior to the other cultivators. In Beirár, as elsewhere, the question was raised whether in some if not in all villages, a co-sharing form of tenure had not once existed.

### § 2 *The kinds of Tenure to be described*

Naturally, in considering tenures we shall first deal with the *villages*, taking the opportunity to inquire into the existence of traces of landlord-right or claims, and then offering some remarks on the survey-tenure of the present day.

But besides that we have two other classes of tenures to consider, viz tenures arising from hereditary village and paigana offices, and tenures arising from royal or service grants.

## SECTION II—VILLAGE TENURES

### § 1 *Traces of the Joint-village*

When the proposal to settle Beirár on a 'village-system' was made, an inquiry was undertaken as to the real nature of the villages, and whether the joint or landlord-form did or did not prevail. Opinions differed and will doubtless continue to differ as to the result elicited. But it must certainly be admitted, that the evidence obtained was faint and doubtful, and that it certainly cannot be concluded that a landlord-class existed in all, or even a majority of the villages, although a hereditary right in individual cases, was certainly acknowledged. Two points were fairly established: (1) that in some instances—of larger 'towns' which it was supposed were better able to hold their own—relics of a former division appeared. Different families held certain portions of the land and called those sections

'khel', (2) there were certain distinctions between original hereditary land cultivators and those of later origin

What seems to me the chief difficulty is this, that the *terms* used might indeed have suggested the existence of landlords (especially to those who were accustomed to the North-West Provinces' form of village, and were inclined to believe it to be an universal type), but on the other hand, those terms and distinctions are also quite consistent with the supposition that we have traces of the privileges of 'original settlers' under the Davidian system, which must certainly at one time have prevailed, as Beráí was the land of the Gond tribes

As regards the case for the existence of joint-villages, it is especially urged that when Beráí was under Muhammadan rule (the Dakhan kings), then minister Malik 'Ambai settled most of Beráí, and was careful to retain hereditary rights, which are spoken of in reports as 'mirásí,' though the term is not now known in Beráí 'It is even alleged,' says Sir A. Lyall<sup>1</sup>, 'that the joint ownership of the lands by a village community was first declared and acted on by him'

The country next fell under the Imperial rule, and then (for a long time) was held partly by the Nizám of the Dakhan and partly by the Maráthás On the defeat of the latter in 1803, the province passed once more to the Nizám, who had for some years past set up as an independent ruler Under him it remained till 1853 If we place the overthrow of the Dakhan kingdoms at the end of the seventeenth century, a period of more than 150 years elapsed before 1853, during which, it is said, there was ample time for the levelling down of rights and the breaking up of

<sup>1</sup> *Gazetteer of Berar*, Chap. VIII, p. 90 It will be observed that so competent an observer as the author does not express any opinion that joint villages were ever really prevalent He gives the various reports and opinions for what they are worth I cannot help thinking that too much is sometimes made of Malik 'Ambai's village Settlements

It was most natural for him to have settled the lump assessment with the hereditary Patel, or even to have divided the responsibility among the heads of the Patel family, without one being obliged to infer, in any way, that there was a settlement with a 'pattidari,' or a 'bhaichua' body such as we have studied in Vol. II



joint bodies of landlords As regards the effect of this changeful rule, the following picture is drawn, which no doubt justifies what is said about its levelling effect —

‘ . . . The proprietor’s titles granted by Malik ‘Ambar cannot have long outlasted the wear and tear of the disorders which followed his death We may suppose that where tenants [occupants] managed to keep land for any long time in any one family, they acquired a sort of property adverse to all except the Government, that when the land changed often by the diverse accidents of an unsettled age, in such cases occupancy never hardened into proprietary right Good land would have been carefully preserved, bad land would have been often thrown up, failure of crops or the exactions of farmers would ruin many holdings, and all rights cease with continuity of possession’ . . . ‘Under the Marathas and the Nizam, the mass of cultivators held their fields on a yearly lease which was made out for them by the patel at the beginning of each season the land was acknowledged to belong to the State<sup>1</sup>, and as a general rule no absolute right to hold any particular field, except by yearly permission of the officials, was urged or allowed From the time when Berar fell under two masters—the Nizam and the Marathas—all durable rights, say the Berar people, were gradually broken down When the Marathas had established themselves solidly and incontestably, they consulted the interests of the revenue in their treatment of the rent-payers, but upon debatable lands they had no reason to be considerate Two necessitous governments rendered hungry and unsparing by long wars, competed with each other for the land-tax, and when, in 1803, one ruler was driven out, there ensued the usual evils which follow the cessation of protracted hostilities The country was exhausted, and population scanty That very year came a severe famine, remembered fifty years afterwards, when we took charge of the province, and the revenue collections were made over to farmers-general, who advanced the supplies of cash that could not be at once extracted from the soil Yearly leases and unscrupulous rack-renting came more into fashion than ever, a man who had carefully farmed and prepared his fields saw them sold to the highest bidder<sup>2</sup>, whole taluks and

<sup>1</sup> This was the later claim of all see Vol I pp 230-4

Oriental rulers, and is still advanced <sup>2</sup> Report of 1854, North Berar by the Feudatory States in India,

paiganas were let and sublet to speculators for sums far above the ancient standard assessment. Under these fiscal conditions the exaction of revenue must have wrung nearly all value out of property in land.

The author goes on to explain that if any one had a hereditary claim and therefore clung to his land, he was the more heavily taxed, and at last in a bad season would break down and be obliged to surrender his independent holding.

We may readily grant that the long duration of misgovernment of this kind was in itself a sufficient cause of the disappearance of hereditary rights, but still we have to look to the circumstances to see whether the hereditary rights spoken of were those which existed under the old Gond village-system, or whether there is any good evidence of a state of things under which landlord-villages held in shares arose—as a generally prevailing institution. Now Beráí was part of Gondwáná. And we have some idea how the Gond kingdoms were organized, and what the Diavidian form of village-tenure was. No landlord-class claimed an entire and joint property over the whole village, but there were certain leading families whose hereditary right was recognized. In Chutiyá Nágpur (West Bengal), where the Diavidian village constitution can be traced to this day, there were ‘bhúínhár’ families (as they were then called) who held in hereditary right a certain allotment of the village lands. Other cultivators, not apparently of equal rank, were still privileged as ‘khúnt-kátí,’ or original aiders in the clearing and founding. Out of the old families, the leading one held the headmanship and with it the allotment of land, which is evidently the parent of the ‘watan.’ It was the original founders who built the ‘gaihí’ or mud-fort, which forms the centre of the residence, and while they alone would be entitled to occupy it, all the other settlers would build round it for protection. Probably also, the headman or his family would have sunk the wells, or made the tank and the grove, and so have a special right in them. The whole system was dependent on

the allotment of the land into blocks, one for the king's revenue, one for the hereditary headman, another for the founder's families, another for the king's accountant, and another for the priest and for religious purposes<sup>1</sup>

The Gond kings adopted Aryan (Bráhmaṇ) counsellors and became Hindus, subordinate chiefs held estates, as we know from the survival of them in the Central Provinces. It would therefore be quite natural to find that here and there, villages (or even groups of villages) were in the possession of the multiplied descendants, of a chief or other royal grantee, having become landlords, and that the several branches of the family held sections of the estate known as 'pattí' or 'khel' (to use the Berár term). There would be, or need be, no general growth of such estates all over the country, so as to produce a large percentage of 'zamíndárá' and 'pattídárá' villages, as we see in North-West India. I only call attention to the fact that all we know of the Gond organization is quite consistent with the claims of old hereditary cultivators called 'mundkárí,' who, as we shall see, are recognized, and who may, I think, represent the founder's families, and if so, would be called 'bhúnhárá' in the country to the east of Berár.

## § 2 *Quotations from Early Reports*

I will now proceed to offer some quotations regarding villages, taken from the early reports, as found in the *Gazetteer*. It is of the more importance to preserve them, inasmuch as the *Gazetteer* itself is out of print and the original reports inaccessible.

Mr Bullock, describing North Berár, writes —

'There are no large classes of proprietors, and the tenure by which land is held is very vague. . . . No doubt a proprietary right might be established in numerous instances, though it does not seem to be asserted or recognized (except in the case

<sup>1</sup> And in these allotments outsiders obtaining land to cultivate, would pay rents to the old families, and would apply to them for per-

mission to make a tank, or to plant trees, or take up additional waste

of digging wells), nor does any class claim exclusive privileges, all appear to hold their fields as "tenants at-will" (i.e. of the Government), neither were there any village "communities" in the sense in which the term is understood in the North-Western Provinces.

Referring to South Berar, Major Johnston wrote —

'In these districts there are three descriptions of cultivators, *first*, the "mundkar," or resident cultivator<sup>1</sup>, who has acquired prescriptive rights to certain fields and orchards, which have been held for ages by the family, and descend from father to son in hereditary succession—rights of which he cannot be deprived so long as he pays the usual rent [i.e. revenue] *Secondly*, *khushbash*<sup>2</sup>, or persons residing in villages at will, Brahmans, Mussulmans, and other castes not cultivators, who rent land entering into agreement to renew the lease annually, and bring it under cultivation, by employing other persons for that purpose, obtaining those lands which are chiefly waste, or such as have been deserted by the raiyats, at easy terms *Thirdly*, "walandwar" or payakar persons living in one village who cultivate lands of another from year to year, having only a contingent interest expiring with the harvest. The mundkar and resident raiyats have the choice of land in their own villages, selecting those nearest the village, unless other fields exist whose fertility will repay them for going to a greater distance.'

The author goes on to explain that the right was alienable till 1818, when Rájá Chándá Lál prohibited sales (with a view to exacting a heavy fee for permission) Sir A. Lyall remarks that the revenue farmers cared nothing for prescriptive rights to hold at a fixed rent

Captain Campbell, writing in 1855-56, says —

'The village communities are indeed changed from what they originally were, but they still exist, and proprietary rights are everywhere recognized, and claims are now asserted to what few cared to claim during the later years of the Native Government, when proprietary rights were often disregarded,

<sup>1</sup> 'Mund' refers to the stumps and roots in the uncleared soil, so that the term implies the first clearers of land

<sup>2</sup> *lit* dwellers at ease—or dwellers by invitation at the pleasure of the village

were far from secure, and the possession of wealth often brought loss with it. That proprietary right exists and is recognized, is shown by the right of digging, or granting permission to dig wells and planting trees. The ancestors of the "proprietors" it was who built the "gahi," or small mud-walled fort, round which the huts of the villagers cluster [forming the village site or residence]. None but "proprietors" are now allowed to reside within the walls, and the proof of ownership of a house within them is, in disputed cases, an admission of proprietary rights.

Mr Bushby was Resident at Haidarābād in 1853-6, and evidently was misled by North-Western tradition, for he says, 'a system similar to what obtained in the North-Western Provinces appears to have been maintained in all its integrity until the decline of the Delhi power.' For this extensive assertion he does not, however, give any real evidence, as we shall see. If anything like a widespread resemblance to the landlord village of the North-West Provinces ever existed, there must be some historic evidence of circumstances which would account for it. However, let us hear Mr Bushby —

'In the smaller villages, owing to the extinction of other branches of the family, there is often only one proprietor, [i.e. I suppose, only one of the old leading family], in others, and particularly in the "kasba" towns or large villages, the land has been much subdivided. There the division of "dimats" is found<sup>1</sup>, which would appear to correspond with the *thok* of the North-West, and these again are subdivided into "khel" (or patti). In some villages the whole land is common to the different khels, and no doubt, in former days, all the proprietors shared equally the profits and losses. In others the land has been regularly parcelled out, and the *asamis* [cultivating tenants] shared with it—the members of each khel sharing the profits of it, which of late years amounted to little more than the *haqs* (customary dues).'

'The Report,' adds the author of the *Gazetteer*,

'next gives in detail the history of a village in which the Maratha rulers had for many years fixed the assessments of

<sup>1</sup> The dimat is the major division, was unable to find any one who knew the word or could explain it, so, when in Belu in 1879-80, I

each internal division of the land with the several branches of the original family that had settled in this township. These headmen of each *khel* or *dimat* agreed with the Maratha officer for the rents to be paid upon the lands claimed by each *khel*. But when the country was transferred to the Nizám his Taluqdar farmed the whole estate to a stranger, who rack-rented it for seventeen years, breaking down all the twenty-two original headmen into mere cultivators and collecting direct from each holding. At last the Taluqdar took to squeezing his farmer, probably treating him as a full sponge, and wrung him dry in one season by raising the demand from R 17,000 to R 25,000. The farmer collapsed, and the village was afterwards given year by year to the highest bidder. Of course, when the estate came into our hands, no actual proprietary rights existed at all.

### § 3 *Remarks on the Quotation.*

On this extract it is to be remarked that it only professes to describe a few special cases, most of it relates indeed to one particular group, which may very well have been the centre of some lordship or even a revenue-farming grant in past days. The case cited was of one of the larger villages, or 'kasba,' at which under the old system, a hereditary (watandár) official would be located. It is extremely likely that such a person—a desmukh or desái or déspánde, for example—had founded the place, and in virtue of his power and local influence had got the best land all round into his own hands. Long after his death his sons would succeed jointly to the family official position and would divide the lands—doubtless augmenting them in various ways, till there came to be 'twenty-two headmen'—elders of the different branches.

We know, from the case of the Guzarát estates (p 267, ante), that every member of the old families gives himself the title of the ancestor—not only the eldest *all* are 'pátel' or 'déspánde,' or whatever it is and then shares in the dignity and family land, would be called by names indicating shares, as 'khel' or 'pattí'. Just as we have seen in the case of the Guzarát 'gnásíyá' chiefs or the jágírdárs (so called) of Ambála in the Panjáb, the family division of

any privilege or profit is called by these names. However this may be, it is quite impossible to treat the evidence offered, as sufficient to show that joint or landlord-villages were really established as a *general* institution over the older villages replacing, i.e., the still earlier form of Dravidian times (when Gondwáná was a kingdom). I do not mean to imply that a pure Dravidian population survived down to modern times. As a matter of fact the Gonds now form a limited portion of the inhabitants of Berár. The Kunbí is the most numerous landholding caste, they are almost certainly a mixed race of Dravidian and Aryan blood. There is nothing historically to show that the Kunbís represent a race of overlords by conquest, or that joint-villages were formed by them over the whole country. On the contrary, the village formation of Berár was in all probability exactly the same as that of the Central Provinces. Ancient Berár may fairly be described as a Dravidian country leavened with an Aryan or Hindu admixture, and ruled over by Hinduized princes<sup>1</sup>.

#### § 4 *Actual State of Landed-Rights*

Whatever the truth of the past history may be, the present condition of village tenures is beyond question, and it can hardly be doubted that a secure title for every actual occupant—with a just and practical settlement of disputes, where one claimed a certain privilege over another on any given holding,—was a better gift from Government than an attempt to reconstruct a ruined edifice of hypothetical joint-villages, where the ‘proprietary body’ would hardly be found without the most doubtful selection, while endless trouble would have been caused in attempting to allow for the claims of those now in possession.

The new title is as simple as possible. ‘Subject to certain restrictions’—some intended to guard the rights of Government, and some to check excessive subdivision,

<sup>1</sup> See the note on Kunbís at p. 261, ante. The Chalukya princes who reigned in Berár up to the

thirteenth century or later, were most probably of the mixed stock—not pure Aryan.

which is the chief defect of a peasant proprietary,—‘the occupant is [practically] absolute proprietor of his holding, may sell, let, or mortgage it or any part of it, cultivate it or leave it waste so long as he pays its assessment’

### § 5 *Effects of British Rule*

The secure title which the Berár raiyat now enjoys, was not the immediate first-fruit of British government. As in many other provinces, early revenue-management was a failure, and it was not till some years had passed that the administration settled down into order. Sir A. Lyall's *Gazetteer* contains some just reflections on the fact, that though in the end we have given Berár prosperity and peace, our own early management in the adjacent districts of the Dakhan was not such as to give us a standpoint ‘of moral elevation from which to lecture the Nizám’ The fact is, that the conscious maladministration of Native rule, was nevertheless both elastic, and in the end resistible by evasion or revolt, while—

‘the unconscious maladministration of the early English school was rigid, and practically irresistible. Even in 1853, when the Nizam's taluqdars had, in North Berár, made over to us a squeezed orange, we began by attempting to collect the extraordinary rates to which the land-revenue demand had been run up by our predecessors, whence it may be guessed that the agriculturists did not at once discover the blessings of British rule

‘On the other hand, there are some reasons why cession to the British should have been more popular in Berár than it is usually found at first to be. Peaceful cultivating communities, living at a dead level of humble equality under strong tax-collectors, got none of those compensations which indemnified the Rajput clansmen of Oudh for chronic anarchy and complete public insecurity. Rough independence, the ups and downs of a stirring life, a skimish over each revenue instalment, and faction fights for land, affording a good working title to the survivor—all these consolations were unknown to the Berár “Kunbi,” nor would they have been to his taste had they been within his power. He had as much land as he wanted without



quarrelling with any one, all that he desired was secure possession of the fruits of his labour and a certain State demand<sup>1</sup>

‘The classes which lost by the assignment of Berar to British administration, were those who had hitherto made their profit out of Native administration, the taluqdars, the farmers of any kind of revenue, and the hereditary pargana officers’

### § 6 *The Modern Survey-Tenure*

We have seen that in adopting a raiyatwari system, we recognize a practical simplicity of tenure, which is not necessarily uniformity. There are the individual occupants of land, or individual holdings in the hands of several members of the family, but one holding is in no way responsible for another. These are the elements with which we deal. The system does not theorize about the nature of the right, it practically describes and secures it. It does not speak of a ‘proprietary title’ in set terms, but practically the occupant of land is as well secured as if it did. We have first to consider the incidents of the occupancy-tenure itself and then to describe any customs which may be worthy of notice regarding methods of cultivating by the aid of tenants, or in partnership or otherwise. It does not follow that because a man is the occupant of land, that in all cases he must cultivate it with his own hands or those of his relatives. He may employ tenants, and provide for the cultivation in other ways.

### § 7 *Occupancy-Tenure defined*

I have already in the Chapter on Bombay (pp 269, 272, ante) so fully given the legal view of the tenure, that I need not repeat here what has been said. Though the Revenue Code quoted in that section, is not the law of Berar, yet the

<sup>1</sup> *Gazetteer*, p. 97. The lightly assessed ‘Kunbi’ now finds his consolation in driving his handsome cart, laden with cotton, over excellent roads to the market at Amroli (for example), where I have seen him well clothed and prosperous—fully posted up in the

market rates of Bombay, and bargaining with German and English merchants over the price of his load of cotton, while steam and hydraulic presses in the back ground were rapidly preparing the abundant produce for transport to the sea-coast.

tenure is the same in all essentials, under the *Beṛāi* rules and the recognized custom

The holder on his own account, of a field or 'survey-number,' (whether an individual or a number of co-shares or co-occupants), is called the 'registered occupant,' or '*khātadāi*' He holds on condition of paying the assessed revenue and other dues<sup>1</sup> being '*in anicais*' at once renders liable to forfeiture, not only the right of occupancy, but all rights connected with it, viz those over trees and buildings

On the other hand, no occupant is bound to hold his land more than one year if he does not like it. As long as he gives notice according to law, i.e. in due form, and at a fixed season (so that the land may be available for cultivation to a successor), he is free to 'relinquish' his holding, or any part of it, comprising an entire survey-number, or part of a survey-number, his separate occupancy of which is recognized in the revenue accounts. But he must pay up the revenue for the year. This is only reasonable in the interests of the public treasury

A transfer of occupancy by sale or otherwise is also subject to the same condition, for it is in effect a relinquishment by the registered holder, and an assent by a new-comer to take the holding in his place, the Government is not bound by the transfer till the current year's revenue is paid up

Though the occupant is thus at liberty to diminish his holding according to his own pleasure, he is, nevertheless, free to maintain it for ever, if he chooses. At the close of the thirty years' Settlement he must accept the revised assessment (if any alteration happens to be made), just as in any other Indian Settlement, and if he does not approve of the revised assessment he may 'relinquish' the land that is all

The occupant of a field or number which is appropriated to agriculture (i.e. is not a plot of building land, or site in a village or town, &c.), may do anything he pleases in the

<sup>1</sup> See *Settlement Rule V* and compare *B. Rev. Code*, section 73

way of improvement, and may erect farm and agricultural buildings or plant fruit-trees. But he must not apply it to any other purpose than agriculture without the permission of the Deputy Commissioner.

### § 8 *Occupancy in Dwelling Sites*

Under the head 'occupancy,' perhaps I ought to allude to the allotment of building sites in villages. For details I must refer the student to Resident's Book Circular VII of 1885 (cancelling VII of 1878) and to Commissioner's Book Circular XXIII and XXVI of 1879 and IX of 1880. These Circulars are, however, still under reference, and final orders have not yet been issued. It will be enough to say that the occupancy-right in sites is the same as an occupancy-right in agricultural holdings when properly acquired. Villages are everywhere expanding, and there is an increased demand for dwelling sites, but the rents that can be obtained will compensate existing occupants of the neighbouring cultivated numbers for giving them up for building, and thus they can themselves arrange, first obtaining the Deputy Commissioner's permission (Circular IX of 1880), for diverting the land from agricultural purposes.

Assignments of sites in villages, if any such are still available for the purpose, are regulated by the village headman, or the village Committee where there is one, under rules<sup>1</sup> which were provisionally issued in Resident's Book Circular IX of 1882.

### § 9 *Cultivating Tenures*

I have remarked that the 'occupant' does not always mean the actual cultivator. The *Gazetteer* has accordingly classified the forms in which land is actually worked or enjoyed, and I cannot do better than adopt the classification, re-arranging it, however, in form, so as to make it more easily understood. It will stand thus —

<sup>1</sup> Village Panchayats or Committees are appointed to do for villages what municipalities do for towns.

See *Commissioner's Bk. Cir. XIV* of 1881.

- (I) Simple occupancy, where the occupant cultivates personally, or by hired labour
- (II) Simple occupancy, where he joins with one or more co-cultivators on the joint-stock principle
- (III) Where the occupant makes over the land to a cultivator on 'batái,' i.e. *métairie*, or division of the gross produce
- (IV) The same where the *net* produce is divided
- (V) Where the occupant leases to tenants at money-rents

As to (II) the 'joint-stock' plan, I cannot do better than quote Sir A. Lyall —

'Land is now very commonly held on the joint-stock principle certain persons agree to contribute shares of cultivating expenses, and to divide the profits in proportion to those shares, the proportion being usually determined by the number of plough-cattle employed by each partner. These shareholders have co-ordinate proprietary rights in the land. If you admit a partner without stipulation as to terms, you cannot turn him out when you wish to get rid of him, although you can dissolve the partnership by division of shares.'

It is not always easy to distinguish proprietary shareholders from tenants, but the precise facts of each case will determine the question. There is, for instance, in some places a kind of tenancy called 'áng-bail-kí,' which means that the *khátadái* (registered occupant) provides the 'pair of bullocks' for working the land, and the tenant then finds the labour and other expenses, and the produce is shared between them in an agreed proportion.

#### § 10 *Métairie*.

'The *batái* sub-tenure (*métairie*),' says Sir A. Lyall, 'was formerly, and is still, very common in Berái. These are the ordinary terms of the *batái* contract: the registered occupant of the land pays the assessment on it, but makes it over entirely to the *metayer*, and receives as rent half the crop after it has been cleared and made ready for market. The proportion of half is invariable, but the

metayer sometimes deducts his seed before dividing the grain [i.e. the *batai* may be of the *gross* or of the *net* produce] He (the sub-tenant) finds seed, labour, oxen, and all cultivating expenses. The period of lease is usually fixed, but it depends on the state of the land. If it is bad, the period may be long, but no term of *métairie* holding gives any right of occupancy.

### § 11 *Tenants as Money-rents*

'*Métairies* are going out of fashion<sup>1</sup> As the country gets richer, the prosperous cultivator will not agree to pay a rent of half the produce, and demands admission to partnership. Money-rents are also coming into usage slowly,—I think, because the land now occasionally falls into the hands of classes who do not cultivate, and who are thus obliged to let to others. The money-lenders can now sell up a cultivator living on his field, and give a lease for it, formerly they could hardly have found a tenant.' The larger landholders naturally employ tenants to work their land. In the northern and central districts, money wages are often paid. Further south, the tenant on a produce rent is more common.

### § 12 *Local Nomenclature*

The local names (now current) for the tenants above described, may be given. The '*bataídái*' is the tenant paying a share of the produce, '*kaiárdái*' is a tenant on specific agreement, as the name implies, '*pot-láomídár*,' a tenant paying rent in money or kind, and holding from year to year.

## SECTION III—TENURE BY OFFICE

### §1. *The Watan*

We now pass on to consider some cases where the origin of the land-tenure is known, and is to be found in institutions more or less peculiar.

<sup>1</sup> *Gazetteer*, p. 98. The practice of *batai* is, however, still very common, and doubts have been expressed to me whether it is really going out of fashion as stated.

Whatever doubts there may be as to the stages by which the modern village tenure has been reached, there is one class of holdings the origin of which has remained definite and universally recognized to this day. The Maráthá system, while it cared little for differences of right in the soil, could not work without the hereditary revenue officers, the pátel<sup>1</sup>, or headman, and pándya, or village accountant, and as these officials always held certain lands in virtue of their office, the tenure of land on this basis has commonly survived. Not only these village officials, but also the staff of artizans and menials entertained for the service of the community were often remunerated by plots of land held in practically the same way. The officials, especially, are spoken of as 'watandái'. The Arabic term 'watan' seems to have come into use in the days of the Muhammadan kings of the Dakhan. It means 'native,' or 'home,' and was adopted to signify the local, ancient, and hereditary character of the families who held the privileged lands<sup>2</sup>. The 'watan,' as I have already said, includes the holding of land, but is not confined to it. The hereditary watan of a village or paigana officer, is the total of his official rights and perquisites,—the 'zará'at,' or land which he formerly held rent-free, or at a quit-rent, the official precedence or 'mánpán' on ceremonial occasions, and the right to a building site inside the village fort or mud-walled 'gahí',—with perhaps some dues and fees on marriages or other occasions.

Under our Government, the headman who actually performs the duties of office is allowed a cash salary as remuneration, and therefore his 'watan' lands are assessed<sup>3</sup> like any others, but still his tenure of these

<sup>1</sup> The Marathi form is pátel (Wilson), the ordinary Hindi 'pútel,' as I use it throughout. The word is often incorrectly written 'potel' or 'potal'.

<sup>2</sup> There is an interesting note about the *Watan*, in Grant Duff Vol. 1 pp. 33-35 and *foot-note*.

<sup>3</sup> In Bombay, under Maratha government, the lands very often

were not held revenue-free, but bore a 'judi' or quit-rent (which was, sometimes, heavier than the British survey-assessment), and the lands have continued to pay this, or less if a reduction was desirable.

The Bombay 'watan' lands are assessed with a view to making up a fixed sum (calculated usually as a percentage of the revenue of

lands is dependent on the fact that he is a member of the family which got them originally in virtue of the office

The succession to the hereditary lands is by the ordinary law of inheritance, so that all the heirs succeed together to the 'watan,' though only one can be selected to perform the actual duties of office. In this way the 'watan' lands have got to be held jointly by a number of relations, and may be divided out among them in recognized shares<sup>1</sup>

Though the pátel family have to pay revenue on their lands, and though only one is selected for the duties of office, 'the family is most tenacious of the dignities and small emoluments which pertain to the 'pátelgí,' of the 'mánpán,' or precedence in various ceremonies, and the possession of a site within the old village 'garhí' . The title of pátel is jealously preserved, and pedigrees are tested when a marriage is under treaty

the locality), and the sum is paid from the Government treasury to the person who actually does the work of the office. The 'watan' lands (subject to this assessment) are held by the watandari family at large

<sup>1</sup> I have in Vol I p 181 given an extract showing how tenaciously the holders of watans cling to them, how families that might, under other systems, have developed into great jagirdars, and become the landlords of their estates, in Berar, let go their grants, but retained the 'watan' attached to numerous offices, which they managed to concentrate in their family. Great princes like Sindhiya and Holkar retain the title of 'patel'. See Malcolm, 1 60, and especially 11 13 (and note). In other provinces we have seen how inevitable was the tendency of revenue officials and grantees of the State to become proprietors of the land. They first begin with their own holdings, then by sale or mortgage, and even by violent ousting, acquire other lands, then by having the power of settling the waste, they become the owners of still more (since the

tenants they locate to clear waste look on them as their landlords). In this way they come gradually into such a position that they are recognized as proprietors. The Marathas were too keen financiers to let the middleman acquire such a position, and intercept so much of the revenue, and hence these officials never developed into proprietors, at least not in Berar, for in the neighbouring Central Provinces, where circumstances were different, the revenue farmer, or *malguzar did*, as we have seen, grow into a proprietor, just as the Oudh Taluqdar or the Bengal Zamindar did, only the nature of the sum was such that the estate acquired was more limited in extent. The effect of the system on this growth of the proprietary class, is very curious to observe. As long as the Marathas have strong hold on the country, no such growth takes place, where they are weak, and their supremacy is contested, it does so, and results in the *malguzar* proprietors of the Central Provinces, or the *khot* proprietors of the Konkan districts of Bombay

§ 2 *Pargana Officers.*

The hereditary pargana officers of the same class, performing on a larger scale for the 'district,' what the others did for the village, are by this time familiar to the student. They were retained and much employed under the Muhammadan governments, and some of them rose to considerable importance. For besides their 'watan,' and their percentage on the revenue collection, they sometimes received grants in 'jágir,' and gave military or police service. The 'desmukhs' of Sindkéi and Básim were local magnates of this kind. When the Delhi empire in the south began to decline, they sometimes obtained their districts in faim, the title of Zamíndái was sometimes applied to them, and had circumstances been favourable they would in time have developed, like the Oudh Taluqdár or the Bengal Zamíndái. In 1856 it was found that some of them were holding what was called 'amlí,'—apparently on a permanent and hereditary contract to pay a certain sum of revenue for their district. In Raichur (a district of the Haidarábád State) they had become landed proprietors with a right to the villages so long as they paid the fixed tribute. Similar, but *not permanent*, was the 'mahita' contract given to desmukhs. In Berái these contracts, and therefore the opportunities for growth into landlords, were never given, and under Maráthá rule, the services of these hereditary official families were not employed<sup>1</sup>.

The desmukhs and despándyas have now no official duties. Their families enjoy certain allowances which are charged on the land-revenue.

The first Resident (in 1853) was able to report that nowhere had these officers become proprietors, but were still only hereditary pargana officers. Nor was this, apparently, owing to any want of capacity for progress in the officers themselves if they had had the chance. For it was observed that, besides their money dues, they had

<sup>1</sup> The Marathas appointed kamavisdars of parganas over the heads of the hereditary local officials.



obtained large quantities of 'inám land' and that the most boundless impositions had been thus committed on the State, and the most 'extravagant pretensions' advanced by members of the families who had got lands—whole villages sometimes—into their possession

## SECTION IV —TENURE BY GRANT

### § 1 *The Jágír*

These were either large grants by the governing power on terms of military service, called (here as elsewhere) *jágír*, or else there were smaller grants spoken of as 'inám,'—the *mu'áfi* of other provinces. 'Originally it may be assumed that the *sanads* only conveyed the revenue on the area mentioned' The *jágír*, in fact, was as the *Gazetteer* states —

'an assignment of revenue for military service, and the maintenance of order by armed control of certain districts. In later times, the grant was occasionally made to civil officers for the maintenance of due state and dignity. The interest of the stipendiary did not ordinarily extend beyond his own life, and the *jágír* even determined at pleasure of the sovereign. But some of these grants, when given to powerful families, acquired a hereditary character. The Basim 'desmukh' has held a village on this tenure for about 150 years. It would seem, nevertheless, that until recently, these estates very seldom shook off the condition under which they were created. The assignments were withdrawn when the service ceased, and they were considered a far inferior kind of *property* to that of hereditary office. For instance, the Sindkher desmukh, whose family held *jagirs* in the sixteenth century, possessed in the nineteenth only lands and dues attached to offices (*watan*) . . . The family had given up its *jagirs*, yet it seized on every sort of *watan* on which it could lay hands. Probably the double government of the Maratha and the Nizam kept this tenure weak and precarious. The Nizam would have insisted on service from his *jagirdars* during his incessant wars. The Marathas treated the Mughal *jagirdars* very roughly, taking from them 60 per cent of all the revenue assessed, wherever such demand could be enforced. To plunder an enemy's *jágír*

was much the same as to sack his military chest, it disordered the army estimates. When this province was made over in 1853 to the British, some villages were under assignment for the maintenance of troops, and these were given up by the holders.

There are still, in Beráí, several personal *jágírs* without condition of service which have been confirmed to the holders as a heritable possession. Originally, no *jágírs* were hereditary except grants made to pious and venerable persons, sayads, faqírs, and the like. But when Court favourites and members of high families got such grants, they were often continued to the next heir as a sort of pension, and thus gradually became regarded as in their nature heritable. Any right taken under a grant, provided it is of a whole village, or more than one, seems in Beráí to be called by the name '*jágír*'. Nearly all were given by the Delhi Emperor or the Nizám, and one or two by the Maráthá Peshwá.

In the case of small grants, often of waste land, it seems that they really were of the proprietary right in the land. 'These,' remarks Sir A. Lyall, 'are perhaps the oldest tenures by which specific properties in land are held in Beráí<sup>1</sup>'

## § 2 *Modern View of the Right*

These remarks will render intelligible the modern practice in dealing with *jágírs* and smaller grants, as to the question of right. The *Settlement Rules*<sup>2</sup> declare that when the land granted was waste and was settled and cultivated by the grantee, the *full proprietary right* is considered to have been granted. In other cases it depends on the terms of the grant. Naturally, in the case of a small plot of '*inám*', the grantee would (himself alone or with his family) be the existing occupant, so there would be no question but that he was meant to receive the proprietary title at least this would be true in most cases.

In large *jágírs*, however, there would be a number of

<sup>1</sup> *Gazetteer*, p 101

<sup>2</sup> See Rule XIX

villages already held (as any other villages are), by the occupants of the land. In such cases the grant places the *jágírdár* over their head, and the question arises—was the *jágírdár* meant to be the owner, and the existing holders to be regarded as only his tenants? The question is not without importance, as obviously, if the *jágírdár* is practically the owner, he ought to be treated as the ‘registered occupant’ of every field in his estate, besides owning all the trees and all the waste. If he is not the owner, then he would only be a grantee of Government revenue of the whole, i. e. the villagers instead of paying the share of the rental or produce to the State, would pay it to the *jágírdár*. They would then be the registered occupants, and the grantee would only be the ‘registered occupant’ of just as many fields as he had in his own particular holding.

### § 3 *Question of the Jágírdár's Rights*

It was originally a matter of some difficulty to determine this question. It was thought by some officers that the *jágírdár* was proprietor of all, and it was accordingly held that his estate should neither be assessed nor surveyed, that in fact it was a revenue-free estate, and that Government had no concern with anything within its limits. This proposition was not, however, accepted, and it was ultimately laid down in the *Settlement Rules*, that all such estates were at any rate to be surveyed. It was admitted that the *jágírdár* had the right to the waste numbers, and might locate cultivators on them as he pleased, and that he owned all the trees which would have belonged to Government had there been no grantee. All occupants of land, however, who had held from a period antecedent to the grant, were to be treated as occupants of their holdings, and from them the *jágírdár* could not take more than the revenue assessed on the holdings. The question still, however, was not settled whether the *jágírdár* could be regarded as the proprietor of *other* lands. If he was not, the occupants could only be charged with the fixed revenue, just such as Government would take, no matter

what was the date of their holding,—since the *jágírdái* was only in the place of Government, and had no greater rights than Government claimed. If he *was*, the occupants were his tenants, and he might take from them what was agreed to, provided they were not under the terms of the rule above alluded to.

The question has received its latest solution in the Resident's Circular, No XXIII of 27th March, 1879. It is in fact left to the real circumstances of the case and the terms of the grant. If the *jágírdár* lived apart, and did nothing but receive the revenue of the estate (and in some cases he only got this paid, not to him direct by the occupants, but through the Government revenue officials), then, naturally, his claim would be limited. If the grant, however, gave him the whole right, or if his practical position was such that he directly managed every holding, perhaps advancing money for improvements and stock, and exercising a close supervision over the land, he might naturally be regarded as the immediate superior holder or 'landlord' of every field. Facts were to decide.

#### § 4 *Ghátwálí Jágírs*

In some of the hill districts, *ghátwál jágírs*, just like those we found in the south-western districts of Bengal, were granted to Hill chiefs on condition of keeping the passes safe and open.

'In Berár,' writes Sir A. Lyall, 'as all over the world, we find relics of the age when law and regular police were confined at least to the open country, and when Imperial governments paid a sort of black-mail to the pettiest highland chiefs. The little Rajas (Gond, Kuiku, and Bhil), who still claim large tracts of the Gawilgarh hills, have from time immemorial held lands and levied transit dues on conditions of moderate plundering, of keeping open the passes, and of maintaining hill posts constantly on the look-out towards the plains. And along the Ajanta hills, on the other side of the Berar Valley, is a tribe of Kolis who, under their naks, had charge of the ghats or *gates* of the ridge, and acted as a kind of local militia, paid by assignments of land in the villages. There

are also families of Banjaras and Maithas, to whom the former governors of this country granted licenses to exact tolls from travellers and tribute from villagers, by way of regulating an evil which they were too weak or too careless to put down<sup>1</sup>

In the Akola district, at the foot of the hill ranges, some lands are held on a 'metkārī' grant, which means on condition of keeping posts to guard the plains against the descent of robbers from the heights above

### § 5 *Charitable Grants.*

Of the smaller 'inām' grants, many were made either for petty services or for support of religious persons or institutions, others (called dhammāl) were made on condition of repairing and maintaining tanks and reservoirs

### § 6 *Waste Land Grants*

There is another kind of grant which probably ought to be noticed here—the grant of lands on liberal terms to encourage reclamation of the waste. I do not here allude to ordinary applications for unoccupied land, but to those special arrangements which were made in certain (especially the southern) districts to bring under cultivation the large waste blocks,—it may be occupying whole 'villages,' which were not divided into the usual small survey-numbers or fields. In older times these leases were not unknown, for rulers in their anxiety to increase the revenue, were often prudent enough to make some effort to restore decayed villages, or found new ones, 'pālampat' tenures are still known, being in fact ancient grants for restoring villages thrown out of cultivation, and of course given on favourable terms. They are *perpetual* leases. The first grants of this kind under the British Government were certain long leases at a fixed and favourable rate made in 1865, and spoken of as 'ijāia'<sup>2</sup> (izāia). They were leases for thirty, twenty or fifteen years, of waste or wholly or partly uncultivated 'villages,' beginning at a low rent, which was gradually to rise with spread of cultiva-

<sup>1</sup> *Gazetteer*, p. 103

<sup>2</sup> *Id* p. 109

tion At the end of the term the grantee has the option of taking the whole village on certain terms, or of remaining as the headman, while the actual cultivators take the 'numbers' as registered occupants. If the lessee elects to take the village as the occupant, he will obtain a *sanad* (deed) granting him the village in 'perpetual hereditary and transferable right,' subject to the payment of the revenue assessment at one-half full rates upon the whole cultivated and cultivable area. He will then be styled owner (*málik*) of the village, which will be entirely his own to dispose of as he pleases. If he does not so elect, he can take the *pátel*ship without any proprietary right, getting 25 per cent on the collections from the cultivators, but this only on condition that one-third of the cultivable land had been brought into cultivation on the expiry of the lease.

Upon the expiry of leases, a new assessment upon all the assets of the estate, is to be made, and the maintenance of an adequate staff of village officers will be stipulated for in all *sanads* finally issued.<sup>1</sup>

Besides these grants of a special character, there are leases under 'Waste Land Rules' applicable to the only districts where there are still large tracts of available waste, viz Wún and Básiṃ (South Beráṃ). The Rules in detail may be seen in the Resident's Book Circulars XXIII and XLVIII of 1880, superseding those of 1876. The waste available is shown in two classes, and the list excludes all such land as is permanently valuable as forest. In each class (according to the difficulty of reclamation and value of the soil), the proportion of assessment levied in the first three, the fourth and the fifth years of the lease, are different. The initial charge is from  $\frac{1}{16}$ th to  $\frac{1}{8}$ th of the full assessment and gradually rises till the full rate is reached. These rates are subject to the usual road and school 'cesses,' and the 'jáglhá' (village police or watchman) cess of 1878. The lessee, during the currency of the lease, is 'pátel' and

<sup>1</sup> I am indebted for this information to Mr E. A. Hobson, the Survey and Settlement Officer in Beráṃ.

'patwári' of the village Lessees make their own arrangements with tenants Certain valuable trees are reserved from being cut without permission of the Deputy Commissioner<sup>1</sup>.

After expiry of the lease, the village will be liable to be surveyed and assessed, but the offices of pátel and patwári will be offered to the lessee or to one of his assigns or representatives, and he or they will be recorded as occupants of all land then in their own cultivation

Leases may be transferred with the sanction of the Deputy Commissioner

As to penalties for breach of conditions and forfeiture for arrears of revenue, the Rules may be referred to

<sup>1</sup> Quarries and mineral products are also reserved (Resident's Circular, XLVIII, p 80)  
—with the excellent addition of tombs, temples or ancient remains—

## CHAPTER III.

### THE LAND-REVENUE OFFICIALS AND REVENUE BUSINESS

#### SECTION I—THE OFFICIALS

##### § 1 *Organization of the Province*

THIS chapter may be a very brief one, for the administration of Berár possesses no special features which call for detail. In form, the administration closely resembles that of the Panjáb or any other 'non-regulation' province. The Resident at Haidarábád being the head of the Government (as agent for the Governor-General), the districts are managed by Deputy Commissioners of whom there are six,—one to each district. There are also assistant and extra assistant Commissioners.

The District Officers are supervised by a Commissioner, who is over the whole six districts, and has revenue and administrative, but no judicial, duties.

The district is subdivided into *tálukás*<sup>1</sup>, and over each is a *tahsildár*.

Every village has its headman or *pátel* and accountant (*kulkarní* or *pándya*), and there is the usual staff of menials and artizans. In each village there is a sort of public office or place of assembly called '*chaurí*'<sup>2</sup>.

<sup>1</sup> This is the usual and vernacular term but they were often called '*pargana*' from the days of the Muhammadan rule, when the officers naturally adopted the Persian

term which was in general use in the Empire.

<sup>2</sup> The word is the same as the '*choultry*' of Reports, and is equivalent to *chavadi* in Madras.



§ 2 *Details already given*

The remarks made in the chapter on Bombay regarding the importance of inspection by district officers, are equally applicable here, and the annual *jamabandī* is conducted in what is practically the same manner. No special description is therefore called for.

I have only to notice briefly the village officers and their duty.

§ 3 *The Kulkaṁ or Patwārī*

The duties of patwārīs and pátels are regulated by 'the Berār Pátels and Patwārīs Law' (Notification 10-I, 1st January, 1886, Government of India, Foreign Department), republished in Resident's Book Circular V of 1886.

The hereditary or watanḍār patwārī may not be holding the office owing to personal unfitness or other cause, in that case a gomāsta-pāndya (talāti of Bombay) is employed. In any case a fixed percentage on the revenue is allowed the patwārī as remuneration for his duties.

I have before alluded to the ancient organization under which the pāndyas of villages were supervised by the despāndya<sup>1</sup> of a paigana or small district, just as the village pátel was by the desmukh.

Neither office now survives. In each táluká, a 'munsa-rim' has duties of inspection in circles of villages, like the *lánúngo* of North-Western India, or the Revenue Inspector of Madras.

§ 4 *The Village Headman*

The pátel or village headman in Berār is usually hereditary, that is to say, the 'watan' descends by inheritance in the family to as many shareis as are entitled to succeed, and as only one of the family can be selected to do the actual duties of the office, it is one son or relative,—the fittest that can be found, that is appointed. It may occasionally happen that no one in the family is fit, and therefore that some one else has to be appointed.

<sup>1</sup> It has been explained that in Berar (as in Bombay) families which hold, or pensioners without public functions retain these titles are now *nam*

I have already mentioned that 'watan' lands are not now left revenue-free as a remuneration for official work. The pátel's remuneration for this is a fixed cash percentage on the revenue, which is paid to him after the revenue of his village has been found accurately brought to book in the treasury records. The person who holds the office is alone entitled to the emoluments. And those emoluments are not (Rule 10) liable to attachment by a Civil or Revenue Court.

In small villages, the pátel has both revenue and police duties. He is agent for the collection of the State revenue, and is superintendent of the jághas, who form in fact a sort of village police, they are not, however, organized under the police department, and they perform many duties as messengers, guardians of boundary-marks, &c, which the regular police do not.

The pátel must give information of all crimes, and, in cases of necessity, may arrest persons and enter houses for the purpose.

In some of the large villages a 'police pátel' is appointed separately from the 'revenue pátel'. In that case the former has charge of the village cattle-pound and gets certain allowances from the pound fees<sup>1</sup>.

### § 5 *Village Accounts and Records*

The system depends to a great extent for its working, on the efficiency of the village patwáris. The accounts and records maintained by the officials have as much importance here as they have under the system of North-Western India.

I shall therefore describe the records which the Beráí patwáí is required to keep, as this will give some insight into his work. The 'patwáí's papers' are now reduced in number.

- (1) The 'jamabandí patrak,' or statement showing the fields held by each raiyat, and the assess-

<sup>1</sup> There are subsidiary rules defining these duties, &c. See 21 of the Notification quoted.

ment payable for the year this is most important in connection with the annual 'jāmabandī' under the raiyatwārī system

As the holdings change hands, and every change shown in the *patrak* should be accounted for, the patwārī has to keep (as vouchers) the different applications for land, and the 'rāzināmas' giving up land or showing transfers, and the 'kābulāts' or acceptances of the other party this document has, moreover, to give all details,—the area of each field, the assessment (or the fact of its being revenue-free), if there is any outstanding balance, the dues on account of the 'jāglia' (watchman), school, and road-cess, the name of the registered occupant, a list of trees over six hands high, growing on the land ('mangoes,' 'other fruit-trees,' 'māhwā-trees,' and 'sindhī' (date-palm), are shown in the columns), if there are wells, they are recorded, and then kind, i.e. —whether 'kachchā' or 'pakkā' (lined with masonry), whether used for garden irrigation or for drinking,—whether good or blackish.

- (2) To this is appended a supplementary register of fields lying 'paīt,' or uncultivated. It shows the area culturable and unarable, the assessment, if any, the wells and trees (as before), it distinguishes which fields are kept for grazing and as special grass reserves ('īamnā'), and what lands are occupied by village-sites, and so not available for cultivation. Against these, are three columns for the year's receipts under the head of—(a) income from grazing, (b) fruit, mangoes, &c, (c) from māhwā-trees
- (3) The 'lāoni kamjyāsti tippan' shows changes in occupancy-right, viz the rāzināmas and kābulāts accepting occupation and relinquishing it.
- (4) The 'péié-patriak<sup>1</sup>,' or inspection report, gives the particulars of the *crop raised* on each field. It records the area of each field, deducting the parts that are waste or not under crop, and

<sup>1</sup> From the verb *perne* 'to sow'

showing the balance cultivated, cultivation is classified as wet, dry, garden, or rice. This information is entered in separate columns for each harvest, *rabī*, and *kharīf* (spring and autumn).

The *pātwārī* has also the duty of seeing that every payment of revenue is duly written up in the receipt-book (*pautia-bahī*) which each registered land-occupant holds.

This is of great importance to protect the occupant from the exaction of double payments, and further on account of the danger that the occupant runs of losing his field if the revenue has not been duly paid.

## SECTION II—REVENUE BUSINESS

### § I *Taking up, relinquishing, and transferring Lands*

In the earlier days of our Government (and it is so still, in a few less advanced districts) there were not only many numbers unoccupied though capable of cultivation, but many changes took place owing to people relinquishing land<sup>1</sup>.

In long-settled and prosperous districts this is, of course, very much less the case, land has become valuable, and every 'number' that can possibly be cultivated has been long since occupied, and no one now thinks of relinquishment. Transfers by contract or on succession are practically the only changes that occur. I will, however, describe the rules which were laid down on the subject of unoccupied numbers, and on relinquishment and transfer. I have already remarked that the whole of the cultivated and culturable lands, not including intervening tracts of waste, were all divided out, on the principle described, into fields or numbers of a certain size, and were surveyed and

<sup>1</sup> The Wun district is still, I believe, an instance. The Gond cultivators are very superstitious, and the occurrence of anything which the village astrologer de-

clines unlucky, or the appearance of some sickness, causes the people to throw up their land and decamp.

assessed or else left allotted for specific village purposes. But large tracts of waste (as in the Bâsim district) were only marked off into blocks, not divided into 'numbers' in the first instance. A number of these blocks have since been gradually cultivated, and now are divided into regular numbers permanently occupied. Rule XIII in the Settlement series provided for the procedure to be observed while such a course of gradual taking up of blocks bit by bit was in progress, but this procedure has now become obsolete, since the portions so taken have long since been brought on to the register.

When any person wishes to take up a survey-number which has been relinquished by some one else, or has been hitherto unoccupied, he must take the whole number, but several persons may combine to take a number between them<sup>1</sup>.

As regards numbers that are not 'occupied' in the sense of being used for agriculture, such lands are no longer available to be ploughed up, the object being to keep a sufficiency of land as (1) grazing-ground, (2) 'īamnā' or grass preserves, i.e. in fact 'hay-fields' which are *cut*, not grazed over, and (3) woods, 'bābul-ban,' &c. This reservation is practically permanent<sup>2</sup> and cannot be cancelled without special sanction. The produce of these lands is disposed of by the Deputy Commissioner according to convenience, e.g. grazing-land will be auctioned, or (as in Elliehpur) a group of grazing-numbers may be thrown together and cattle admitted on payment of so much *per* head. In 'īamnās' the right of cutting and removing the season's grass is auctioned. The woods are worked systematically, and then annual produce in firewood or timber, &c., realized accordingly.

Where any land becomes available, application for a number is made by filing what is called a kâbulait, i.e. a document agreeing to take the number and pay the assessment. This is presented to the village officer, who

<sup>1</sup> *Settlement Rule, XII*

<sup>2</sup> *Settlement Rules, XIV and XVII*

Compare the *Bombay Code*, sections 38, 39

sends it to the tahsildár<sup>1</sup>, who satisfies himself that the application can be granted, and returns an order to that effect, so that the patwári may make the needful entry in his village accounts. Relinquishment is effected in the same way by presenting a rázináma. It must be done before the 31st March in each year<sup>2</sup>.

This is one of the subjects on which the Berár Rules differ from the law of Bombay. If one sharee wishes to relinquish, the Bombay Code makes it a condition that if no one will take the vacant share, the whole field must be given up. In Berár this was thought hard, and Rule VII merely provides that the share is first to be offered to the others, if it is not taken up (but it always is) by them, it remains unoccupied as a share, but the other sharers retain their shares. So, when a registered occupant dies, the name of the eldest or principal heir is entered, but the names of others succeeding with him (according to the law of inheritance) must be entered also, 'and if the family property is divided, each co-heir will have as full power over his share as the person whom he succeeded had over the original holding, and, if he wishes it, his name can be entered in the Government books as a separate sharer, and he may pay his rent (revenue, &c) separately to Government.'

Transfers can be made by registered occupants by rázináma (the other party giving a kábulat) in a similar way to that above described. The transfer may be effected at any time, but Government will not recognize it, i.e. will still hold the originally registered occupant liable, till the current year's revenue is paid up<sup>3</sup>.

A right of *pre-emption* is recognized to the co-sharees in a number, when a share lapses or is relinquished. If there are more than one co-sharer, the order in which they can claim is according to the size or extent of the share<sup>4</sup>. This applies to co-sharees having a joint right in a holding, as well as to those whose shares have been divided, so that

<sup>1</sup> See Rev Code, section 60, for a similar provision in Bombay

<sup>2</sup> Settlement Rule, XXI

<sup>3</sup> *Id.*, IX, and see Circular (Com-

missioner's) IV of 1884

<sup>4</sup> Rules VII, VIII, Resident's Book Circular XXVII of 1881

each has a right over a known part. Should waste numbers or relinquished lands be available, people in the village have a claim to them before outsiders, a 'sub-tenant' (cultivating tenant) has also a claim before an outsider (*Settlement Rule XXI*)

## § 2 *Other Branches of Duty*

I do not say anything about partition, alluvion and diluvion, or the recovery of arrears of revenue. These matters are regulated in Berár by circulars and local rules of practice but in all essentials the rules are the same as under the Bombay Code.

Boundaries are preserved on the principles of the Bombay Act III of 1846 (still referred to, as the Code of 1879 has not been introduced)<sup>1</sup>. Where a State forest and a village-boundary are contemporaneous, the boundaries are preserved by the Forest Department under Resident's Circular VI of 1881 (see the whole Circular). If there is a dispute it must be settled by a law court<sup>2</sup>.

In Berár the revenue becomes due in two instalments, on 15th February and 15th April<sup>3</sup>.

The late date for the autumn harvest (February 15) was fixed so as to allow for the ripening of the sugar-cane. The spring harvest (April 15) comes sooner, so far south, than it does elsewhere.

The subject of instalments has been very carefully considered in Berár, in consequence of a very able minute on the subject by Mr. W. B. Jones. The above dates being fixed, it has still to be considered what revenue will be paid from each field at either date. This depends on the character of the cultivation. The village yearly *jamabandí* papers show, for each field, whether it is under a *rabí* or a *kharif* crop, and in the proper column will be entered at which of the above dates the revenue is payable. In the

<sup>1</sup> See, for example, Commissioner's Book Circular II of 1883, and *Settlement Rules XXIV, XXV*

<sup>2</sup> *Settlement Rule VI*

<sup>3</sup> *Settlement Rule XXIII* has since been modified to the dates given in the text

case of fields partly under one and partly under the other, there are simple rules for apportioning the payments

This system is accompanied by a plan for suspending the demand in a bad year. When such an event occurs, the Deputy Commissioner has authority to apply the rule. If a field shown as having a kharif crop is noted as 'nápiká' (withered) and the field is sown again for the rabí, there is no demand made on it till April 15th. In most cases the cultivator will have secured a spring crop, and will be in funds.



## PART IV.—ASSAM

### CHAPTER I    INTRODUCTORY

„    II    THE ASSAM VALLEY OR ASSAM PROPER  
      (HISTORY—LAND TENURES—REVENUE SETTLEMENT)

„    III   THE SPECIAL DISTRICTS  
      (GOALPÁRA, SILHET, CACHAR, THE HILL DISTRICTS)

„    IV.   THE REVENUE OFFICERS AND THEIR OFFICIAL  
          BUSINESS

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## CHAPTER I

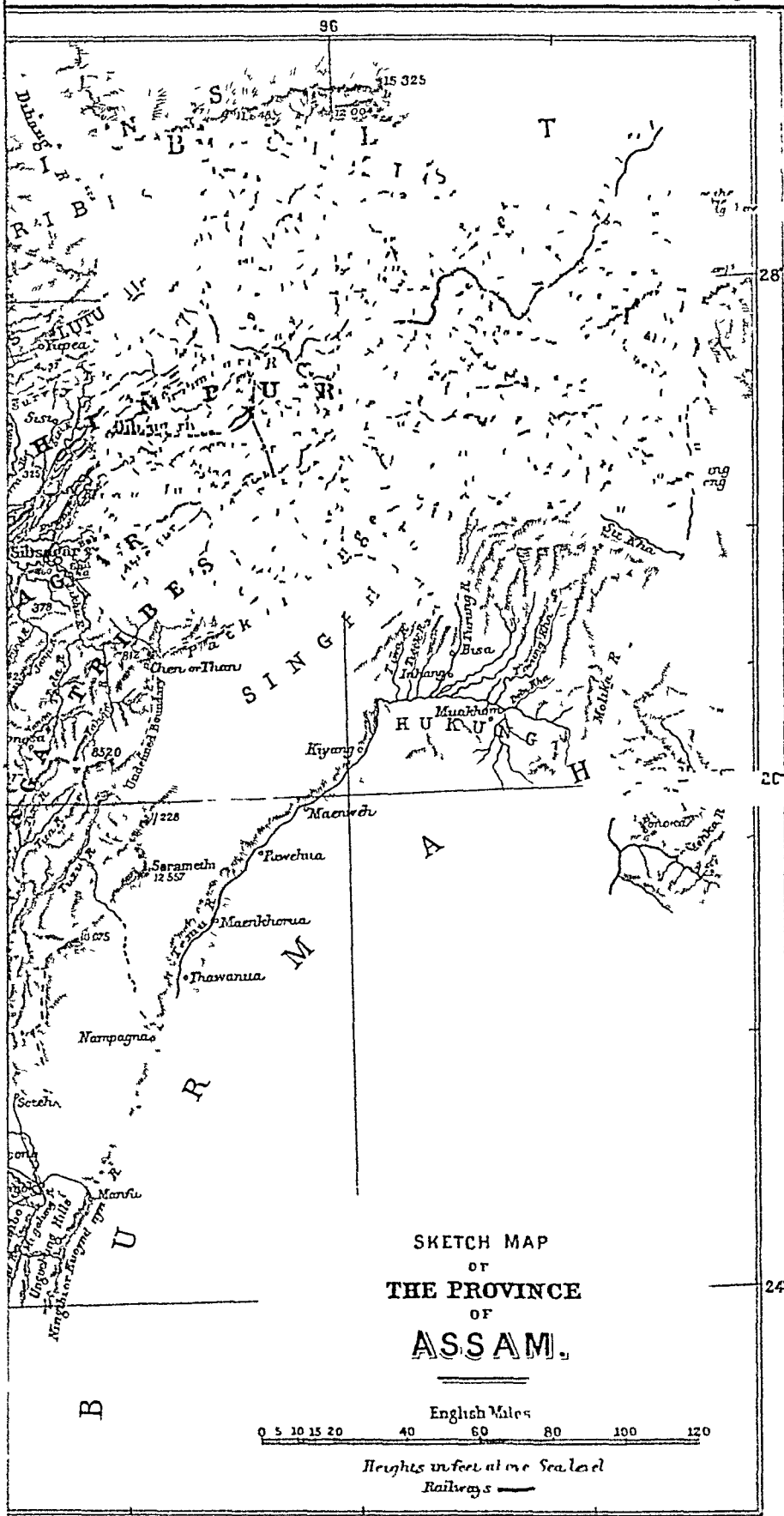
### INTRODUCTORY

#### SECTION I—THE LOCAL FEATURES OF ASSAM

##### § I    *Nature of the Revenue-System*

IN this volume, up to the present chapter, we have been dealing with the *Raiyatwáí* systems—distinctively so called—as formulated for the great Presidencies of Western and Southern India. Having described the origin and growth of the administration in Bombay and Madras, we now turn to the remaining provinces of British India, each of which has a revenue-system peculiar to itself, and not directly derived or copied from any other. But inasmuch as these systems are all based on the same principle of direct dealing with the individual cultivator and his separate holding, without any middleman landlord, or joint responsibility of a group of landholdings, they are essentially '*raiayatwáí*,' though they may not be officially so

96



SKETCH MAP  
OF  
THE PROVINCE  
OF  
ASSAM.

English Miles  
0 5 10 15 20 40 60 80 100 120

Heights in feet at one Sea level  
Railways —

96



designated For this reason Book IV has been entitled 'Raiyatwari and allied Systems' Assam, Coorg, and Burma represent such allied systems Each is, however, quite distinct, and was constructed solely on the lines of the provincial features and historical developments, in each it will be found that respect is had to customs and practices which have grown up in the course of time, and which it would have been impolitic to alter or ignore

## § 2 Constitution of the Province

The Assam province is made up of several elements —  
 (1) The Assam valley never subject to Regulation law  
 (2) The Goalpara district (really one of the Valley districts), part of which was old Bengal territory permanently settled and part acquired (as the Eastern Dwaras) after the Bhotan war in 1866 (3) The districts of Sylhet and Cachar (Kachar), the former being old Bengal territory, and in part permanently settled (4) The hill districts in the centre of the province, and also on the frontiers, subject to special rules

The old Bengal districts represent some curiosities in their land-tenures and will demand a separate notice, but the main object of the present chapters is to describe the special system on which land is managed in Assam Proper, and to explain the general law which governs the official appointments, and the duties and procedure of revenue-officers This latter applies to the old Regulation districts, as well as to the rest of Assam

The separation of the province (from Bengal) was ordered in 1874 under powers given by the Act 17 and 18 Vic cap 77<sup>1</sup> The first notification was exclusive of Sylhet, but this district was added to Assam in the same year, only by a separate notification<sup>2</sup> The whole province forms a

<sup>1</sup> See Notification No 379, dated 7th February, 1874 (*Gazette of India*, part II p 53)

<sup>2</sup> Sylhet or Silhat is properly 'Srihatta' See Notifications Nos 1149, 2343, &c (*Gazette of India*), dated

12th September, 1874 By these the district is brought under the 33 Vic cap 3, taken under the direct management of the Government of India, and then placed under the Chief Commissioner, to whom also certain

Scheduled District under Act XIV of 1874, and the Statute 33 Vic cap 3, applies to it

An Act (VIII of 1874) was passed to vest in the Governor-General as Local Government all the various powers that had been given by law to the Lieutenant-Governor of Bengal, or to the Board of Revenue, as regards Assam, exclusive of Sylhet. The Act provides that all such powers shall be taken to be transferred to, and vested in, the Governor-General in Council, and then the Governor-General is empowered to delegate to the Chief Commissioner all or any of the powers so vested, and he may withdraw the same

A similar Act (XII of 1874) was passed for Sylhet, which was on a somewhat different footing from the rest of Assam. It was not only (in part) permanently settled, but it had been an integral part of Bengal and not under any separate or special law

By notification<sup>1</sup> the Governor-General delegated to the Chief Commissioner all the powers which were vested in the Lieutenant-Governor of Bengal by the direct operation of any Act of the Governor-General in Council, as well as the powers of the Board of Revenue

By the effect of the General Clauses Act (I of 1868), Section 2, Clause 10, all powers vested in a 'Local Government' by any Act subsequent to the constitution of the Chief Commissionership, are exercisable by the Chief Commissioner

### § 3 *Territorial Division of the Province*

The districts of the Assam Valley (Valley of the Brahmaputra River) are divided into 'Lower Assam,' i.e. the districts of Goalpara, Kamrup, Darrang and Nowgong, and 'Upper Assam,' i.e. Sibsagar and Lakhimpur. The Assam Hill range (in the centre of the province) includes i.e. the districts of the Garo hills, the Khasi and Jaintia hills, the

powers lately exercised by the Lieutenant Governor of Bengal and the Board of Revenue are delegated

<sup>1</sup> No 522, dated 16th April, 1874, (*Gazette of India*), 18th April, 1874, p 182), and for Sylhet a notification dated 12th September, 1874

North Cachar hill subdivision, and the Nága (or Nogá) Hill district, beyond the last are the 'Independent' Nágás and the hills of Burma. Lastly, we distinguish the valley of the Suimá, comprising the district of Sylhet with the plain parganas of Jaintiyá and the plain portion of Cachar.

#### § 4 *Arrangement of Subjects*

I propose first of all to give an account of the Assam Valley, and to describe the law of the General Revenue Regulation (I of 1886, and Rules under it), which legalizes the system of Settlement and revenue.

That done, I shall devote separate sections to the notice of (1) Goálpára, (2) Cachar, (3) Sylhet (including the 'Jaintiyá parganas' at the foot of the hills of the same name), and (4) the Hill districts of the Central or 'Assam Range'.

The account will close with a brief chapter on Revenue officials and then official business, which is reserved to the last, as it applies, generally, to the whole province.

## CHAPTER II.

### THE ASSAM VALLEY OR ASSAM PROPER

#### SECTION I—DESCRIPTION AND HISTORY

##### § 1 *Features of the Country*

FIRST, let us take a general glance at the physical conditions of Upper and Lower Assam or Assam proper, i. e. the districts—

Kamrup Darrang Nowgong (Nagaon)	} Lower Assam	Sibsagar Lakhimpur	} Upper Assam
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Goalpara also belongs, locally, to this group, but I have explained why it is not included in the present section

The Brahmaputra flows down the whole length of the valley, receiving as tributaries the Great Dihang river on the north, and many other streams from the hills both north and south

‘Except at the points where the hills impinge upon the Brahmaputra, the river flows between sandy banks, which are subject to constant changes for a breadth of about six miles on either side of the stream. Within this belt there is no permanent cultivation, nor any habitation, but temporary huts erected by people who grow mustard on the *char* lands<sup>1</sup>

<sup>1</sup> Moist alluvial beds or islands emerging when the stream falls to its cold-weather level. The cultivation in this belt of river alluvium has thus been described—

Along both banks of the Brahmaputra (and the river is especially large in Kamrup and Nowgong) are alluvial or *chapan* ‘mauzas’ ‘The precariousness of the cultivation in these tracts arises from their liability to untimely inunda-

tion by the great river, or by the innumerable creeks and channels with which its affluents intersect the alluvial country in all directions. The crops grown are broadcast summer rice (*ahu*) and Indian mustard: the former is harvested in July and August, and the latter is sown in October and November; if, therefore, the rainy season opens and closes with high floods, the rice crop may be lost, and the

during the cold weather. Beyond, the level of the alluvial land rises, and tillage and population take the place of sandy flats covered with long grass. Little of this is seen from the river, and the traveller up the Brahmaputra receives the impression that the country is a wilderness untenanted by man, except at the few points where, rock giving permanency to the channel, towns and villages have been established along the stream<sup>1</sup>.

East of the Goalpara boundary the language spoken is Assamese, west of the line it is Bengali.

The climate is moist and the rainfall abundant. The area of forest is, of course, extensive, as every district has a background of hills which is the natural home of the forest. Famine from drought is practically impossible in Assam, but fevers and other diseases habitual to moist climates are prevalent.

## § 2 *Constitution and Law of the Districts*

These districts became British in 1826 after the first Burmese war of 1824. For a long time hesitation was felt whether the province should be retained at all, and for some years only a general supervision over the practically native administration was maintained under the orders of the Bengal Government, by the Commissioner of North-East Rangpur. An assistant to the Commissioner was stationed in Lower Assam, and another in the Upper district.

Several chiefs were left in possession of these territories, and Civil and Criminal justice generally were administered by Councils of Assamese gentry known by the usual term—panchayat. Upper Assam was, in 1833, placed under the management of a Rájá named Purandar Singh, acting under the advice of a Political Agent and responsible for a revenue

ploughing for the mustard may be unseasonably deferred'. The rice crop is the more precarious of the two. 'Lands used for either crop are not, as a rule, returned longer than three years, after which the cultivators move their temporary

homes to fresh clearings in the reed jungles with which these *chapani* tracts are densely covered'. —(*Agric. and Land-Revenue Report*, 1884, § 28.)

<sup>1</sup> *Administration Report*, 1882-83, § 3



or tribute of R 50,000 a year. The other districts (Lower Assam) were managed, in the way indicated, under British officers

In 1835, Act II was passed with a view to placing the British districts under the supervision of the Sadr Court of Bengal (the principal Court of Justice was then so called)—as to judicial matters, and under the Board of Revenue for revenue matters, both subject to instructions from the Bengal Government

In 1838 Rájá Purandar Singh, having fallen deeply into arrears with his tribute, declared himself unable to carry on the administration, and in 1839 a proclamation was issued formally annexing that part of the country to Bengal and dividing it into two districts—Sibságar and Lakhimpur. To the latter district two frontier tracts, Matak and Sadiyá, were added in 1842<sup>1</sup>

This country was then administered in the same way as Lower Assam, except that in Lakhimpur the panchayats were retained till 1860

The fruits of Act II of 1835 were seen two years later, in the issue of a set of rules, sometimes alluded to as the 'Assam Code of 1837'. They were made by the Commissioner and the Sadr Court and approved by Government. They referred to judicial administration and made no allusion to 'Revenue'. The progress of the general law after this is clearly stated in the *Administration Report*, 1882-83 (paragraph 76, &c). Here we are only concerned with the Land-Revenue Law. The first definite rules on revenue subjects were the *Settlement Rules* of 1870, which, however, had not the force of law. The Temporary Settlement Regulations (VII of 1822 and IX of 1833) of the time, were followed (in spirit) where required, to supplement the rules of 1870. In the same way the collection of the revenue and other revenue affairs, were long managed on the basis of custom and 'the spirit of the Regulations'. The law (Act XI of 1859 and Bengal Act VII of 1868) of sale for arrears

<sup>1</sup> Matak is now part of the Dibrugarh division of the Lakhimpur district—see *Administration Report*, 1882-83, § 75

of revenue was regarded as so far in force that its general provisions were followed

The Land-Revenue Law and Procedure is now contained in Regulation (under 33 Vic cap 3) I of 1886, and rules made pursuant to it<sup>1</sup>

This, by Notification No 12 of 14th April, 1886, was extended, with effect from 1st July, 1886, to

Sylhet	Kamrup
Cachar (except the	Darrang
North Cachar Hill	Nowgong
Subdivision)	Sibsagar
Goalpara	Lakhimpur

### § 3 *Early History—The Ahom State*

The old Ahom (or Aham) Government, which preceded our own before the Burmese invasion, was established about the beginning of the thirteenth century of our era<sup>2</sup> We find the State constituted by a Rájá at the head, and under him a hierarchy of nobles and officials bearing different titles (Phukan, Boiwá, Bissoya, and many others) 'The Ruler,' says Mr Mills<sup>3</sup>, 'would appear to claim not only the

<sup>1</sup> The Regulation stands amended by Reg II of 1889, which affects secs 70, 72, 74, 75, 79, 81 and 85. The alterations are chiefly directed to getting rid of certain legal difficulties about the sale (for arrears of revenue) of certain lands in Sylhet, where, owing to the multitude of small estates and shares in estates, it might be difficult to prove service of notice on the right person as really the owner or share owner in default.

<sup>2</sup> Report on the Province of Assam by A J Moffat Mills Calcutta (printed at the Calcutta Gazette Office), 1854, 1 vol fscap.

<sup>3</sup> The Ahom rulers were of Shan origin, the first prince came as an adventurer from an ancient Shan kingdom on the valley of the Irrawady (Burma) in 1228 A.D. The kingdom, beginning with a petty territory at the extreme end of the valley, was for some time confined to the north east of Assam, but it gradually extended, overthrowing the kingdom of the Chutiyas and part of the Koch

Raj's. It maintained considerable stability, for though attacked in after years by the Mughal power, the dynasty was able to withstand the shock. Probably the country was too remote for the Mussalman power to have been really effectively exerted. In 1655 the reigning prince became converted to Hinduism, and his successors after that were all Hindu. From the end of the eighteenth century their power gradually declined. Feeble kings succeeded, and internecine quarrels and dissensions became the order of the day. The aid of the Burmese was then unfortunately invoked, and eventually (as might have been expected) the Burmese seized the country and committed great excesses. As one of the papers in Mr Mills' Report says, 'the country fell into the hands of the Burmans, and the people into twelve kinds of fire.' The Burman invasion was, however, a short-lived calamity, for they were driven out before the outbreak of the first Burmese war in 1824.

soil but the subject, as his property' However this might have been theoretically, the Rájá certainly levied a land-revenue, and grants of land were made in a way which showed a practical power of dealing with it at pleasure And also a curious system existed under which the whole of the male inhabitants were bound to give personal labour or the fruit of their industry, by way of tax, to the king For this purpose the entire population was formed into groups, so that the labour and services of each might be regulated, as the king required it himself, or assigned it to his officers, relatives, and nobles And when a grant of land was made to a temple or to priests the labour of so many 'paiks' (as the labourers were called) went with the land

The groups spoken of were called 'khel',—all, says Mills, of 'one caste or calling' There would be 1000 to 5000 men in the 'khel' The khel was subdivided into 'gôt,' each containing three 'paik' or males available for service Every twenty gôts had a headman called 'Bará', over 100 gôts was a 'Saikyá,' and over 1000 a 'Hazáí' An officer of state called 'Phúkan' (or a Barúá) presided over the whole One 'paik' in each gôt had to labour for the king or the king's grantee throughout the year, and that whether he was a cultivator or a craftsman, and so it came to pass that as special craftsmen were found in different groups, it became the practice to speak of the 'khel' for firewood, or betel-nuts, or fruits—meaning that there were certain groups in which the particular people whose duty it was to supply the different articles, were found All kinds of industry were thus taxed—weaver's, goldsmith's, and the rest

Every 'paik' was allowed for his support, a holding (called his báí land) for a house and garden, besides two púrás<sup>1</sup> of 'rúpit,' i e land for rice-cultivation, this was called his 'goámati' or body-land For this no revenue was paid beyond the service mentioned above, and a poll-tax or house-tax as the case might be

<sup>1</sup> The purá equalled three bighas or four bighás of the Bengal size (14,400 square yards)

The 'goámatti' holding was said by Mills to be the property of the State, and was neither heritable nor transferable. Some indications, however, are given leading us strongly to suspect that in reality this absorption by the State of all rights in the land was the pretension of the Ahom ruler as a conqueror rather than the general custom of the country. Certainly in districts not far removed, it is clearly discernible that the land, as far at any rate as it was cultivated or appropriated by the first settlers, was considered the joint property of the group or *khel* who occupied it. This system we shall describe further in considering the tenures of Cachar, where it has survived to our own day. That the settlers of the *kheles* in that district, were proprietors (in *some* sense) will, to Indian readers at any rate, be rendered probable by the fact of their being called 'mirásdái'—a name which, though obviously of foreign origin, expresses an essentially indigenous idea, and seems to have commended itself for adoption from one end of India to the other, to indicate the hereditary right which the settlers or conquerors and first clearers and founders of the villages felt themselves, and were felt by the people at large, to have, in the lands they occupied. I have not found any indication in the authorities, of this term or its equivalent, *now* surviving in the Assam districts as it does in Sylhet and Cachar, but we are everywhere familiar with the destruction or loss of such ideas and terms, as the natural effect of conquest and a new system. Mr Mills, it should be noted, admits that the homestead—the *bárá* land—was heritable and transferable.

Land cultivated by agriculturists over and above the *bárá* and the *goámatti*, was paid for at the rate of one rupee per 'púrá'. Cold-weather cultivation (chiefly on lands available when the floods subsided) was principally carried on by 'emigrating ryots' who paid a plough-tax<sup>1</sup>

<sup>1</sup> To collect the land-revenue, there were various agents—'Chaudhari,' 'Kagoti,' and 'Mauzadár' the latter name has survived to our own time. Thus, in looking over

an old revenue list of Nowgong in 1850, I find the subdivisions named, with so many 'circles' of three, four, or five villages in each. In charge of each circle, with a cul-

Besides receiving the grant of the labour of a certain number of 'palks,' the richer men possessed bodies of actual *slaves*. We find notes in Mill's *Report* of the chiefs who had 'khats' or tracts of waste land of their own, reclaimed and cultivated by such slaves. They seem to have been well treated, as Mr Mills mentions the fact of raiyats actually preferring to enroll themselves as slaves and settle on such estates. By this course they avoided the poll-tax and other incidents,—which must have been unksome enough,—of the (free) 'khelwari' system.

On annexation, the British Government gave up the claim to personal labour produce, and presents the garden and rice-land was left free, and a rate of nine rupees per 'gôt' (or about three rupees per holding) levied. Annual Settlements for the land actually held were made. The rates have since been modified, but the custom of annual Settlements has come down to our own times—indeed, it lasted till quite lately, when ten-year Settlements were also provided, as will presently be described.

## SECTION II — THE MODERN LAND-TENURES

### § I *Enumeration of Tenures*

The history which I have briefly sketched, does not suggest the growth of any special tenures, beyond those of the revenue-free grantees. Cultivators were simply the holders of their own clearing and a raiyatwari tenure (as it would be called in revenue-language) was the natural result. But in certain districts there are proprietary tenures, where, under former arrangements, a permanent Settlement was made, or where the 'fee-simple' of waste land was acquired by purchase under the earlier rules.

Under the Regulation I of 1886 we have therefore the following general classes to consider —

tivated area of say between 3000 and 4000 bighas and a population of 1000 or 1500 there would be an official with the title of Hazari or

Sarkiyá, Bui, Raja, Barua, Lashkar, or Bhuiyá, and under each such superior officer, one 'Cagotty' and two 'Teeklahs'.

- I Permanently settled estates (which however do not enter into our present consideration, as they occur in Goálpára and Sylhet, districts which are reserved for separate notice)
  - II The common 'landholder's' tenure under the Regulation.
  - III Revenue-free holdings
  - IV Proprietary holdings or other forms of tenure under 'Waste-Land Rules'
- And to this we may perhaps add,
- V Rights under sec 6 (d) of the Regulation, viz 'rights acquired by any person as tenant under the Rent-Law for the time being in force'

## § 2 *The Landholder's Tenure*

According to the Regulation, this tenure is acquired by any person who, before the coming into force of the Regulation, has held immediately under the Government, for ten years continuously, any land not included in a permanently-settled or a revenue-free estate, or who has during the period paid revenue to Government or been expressly exempted from payment

The tenure includes the right acquired by grantees and lessees under waste land rules, supposing it is not an out-and-out purchase of the 'fee-simple,' and provided the term of lease is not less than ten years

Reg I of  
1886, sec  
8, 1 b

Unauthorized occupation will not *now* give rise to any 'landholder's' right, because all land not being already properly held, is at the disposal of Government, and the Chief Commissioner can make rules for grant or lease of such land, for allotting it as grazing-ground, or for 'júm' (temporary hill) cultivation<sup>1</sup>, and if any person gets land not in one or other of the ways allowed by the rules, such taking possession will, in fact, be merely a trespass and will confer no right, however long it may continue

See sec 6

Secs  
12 14

<sup>1</sup> This exactly answers to the taungya of Burma. It is fully described in the Chapter on Burma to which reference may be made (See also Vol I p 116)

The 'landholder's' right is a 'permanent, heritable, and transferable right of use and occupancy, subject to payment of land-revenue, cesses, and legal taxes', to the reservation by Government of the right to minerals, mineral-oil, and mines, and buried treasure<sup>1</sup>, as well as to any special conditions which the landholder undertakes in his engagement or lease with Government<sup>2</sup>

Sec 9

Land may be 'relinquished' (once for all—not temporarily as in Burma), and the landholder's right is lost unless, of course, the same land happens to be available for a re-application

Sec 10

In some cases where there are special reasons for engaging for the revenue with some kind of agent, the person so engaged with may be the 'Settlement-holder,' when he is not the 'landholder' As such, though the land is in a sense under his charge, and is not at the disposal of Government to lease or allot, he has no right in the land beyond what is expressed in his Settlement-lease This will effectually prevent the growth of *maddlemen* into *proprietors*

Sec 11

Following the result of these considerations, the ordinary raiyat, the lessee for more than ten years, and the modern waste land lessee, were appropriately called 'landholders' by the Regulation

Definition  
Clause,  
sec 3

Ibid

A person who has a permanent-settlement, or a redeemed revenue-grant of waste-land (p 413), or is on the Register of revenue-free estates, is a 'proprietor'

The student will notice that Chapter II of the Regulation—relating to 'Rights over land'—is almost exactly the same in principle (though the terms are more simple) as the Burma Land-Act (II of 1876)

### § 3 History of the 'Landholder's' Tenure

Originally the raiyat's tenure was always under an *annual* patta or lease, and this theoretically gave no right beyond the year, though in practice land continuously

<sup>1</sup> Compensation is claimable for surface damage, where Government searches for or works such mines, &c

<sup>2</sup> Such land is also compensated for if taken up for public purposes

held on annual pattas, was transferable and heritable. In 1870 the *Settlement Rules* for the first time proposed to recognize a tenure on a Settlement for ten years.

‘These rules, however, remained practically inoperative till 1883, when they were recast and a general system of ten-years’ Settlements was introduced in all parts of the Assam Valley, where the cultivation and occupation of land are of a permanent character—the large tracts of land, however, consisting chiefly of the “chapuri” or inundated tracts along the rivers, and the thinly-peopled country under the hills where only shifting cultivation is practised, were left to the system of *annual Settlements* as the only one adapted to their peculiar circumstances<sup>1</sup>’

Under the Regulation, therefore, the ‘landholder’s’ right is acquired in the more permanently cultivated tracts, and not in the places where, owing to the instability of the soil, or its being easily exhausted and frequently changed, or from some other local cause, annual Settlements are still preferred<sup>2</sup>. Where cultivation under annual lease becomes permanent, there will be every facility for its conversion into the ‘landholder’s tenure’.

#### § 4 *Chamúas and Khirákhatdárs*

These terms may be here explained, though they do not indicate what are properly separate ‘tenures’. The terms merely mean (‘Chamúa’ in Kamrúp and Nowgong, ‘Khir-

<sup>1</sup> *Ad Report*, 1882-3, § 161. The holding of land on annual lease only, is still common, because so much of the cultivation is not permanent. In the *Administration Report* for 1886-7 (the latest figures I have) annual leases are stated to represent 409,659 acres against a ‘landholders’ tenure (with ten years’ settlement) of 1,020,315 acres,—excluding land held on the ‘*nisf-khujaj*’ or half revenue rates tenure.

Much objection has been from time to time raised as to the fourth clause in the annual lease form, which (very properly) prevents the leaseholder from acquir-

ing any heritable right (formally) in the land. But it is obvious that as long as the land is so held, there must be a marked distinction between the tenure and that of the regular ‘landholder’. In Government of India Rev Procs Feb 1887, No 12, the whole history of the subject is given.

<sup>2</sup> In annually-settled land, if the area is required for public purposes, compensation would be paid for trees, houses, crops, &c, not for the land itself. The land is at the disposal of Government, because no right beyond the year is acquired over it.



rájkhatdár' in Darang and Lakhimpur) that certain raiyats having large and important holdings are allowed the privilege or dignity of paying their revenue direct to the treasury, and not through a contractor or 'mauzadár' as usual.

In such large holdings, the 'landholder' usually cultivates by tenants who are metayers, giving half-produce (*ádhyár*), or where cash-rent is taken, paying only the Government rates (unless the land is specially valuable). When the Government assessment is the only rent paid, the landholder's profit consists in working his own home-farm lands and in the command of his tenant's services for supplies, carriage, and 'house-building,' and for repairing and harvesting crops on his home-farm, and in such occasional contributions as he is able to levy.<sup>1</sup>

### § 5 *Lákhraiyá and Nisf-khiráiyá* — *Revenue-free Holdings*

The student will observe that the *lákhraiyádár*, or entirely revenue-free holder, is called the 'proprietor' in the Regulation; the definition does not extend to those assessed at half-rates and called '*nisf-khiráiyádár*,' who are only 'landholders.' The term *nisf-khiráiyádár* was invented in 1871 by the Commissioner, for the sake of distinction. I cannot give a better description of the '*nisf-khiráiyá*' than by quoting the *Administration Report* for 1882-3 (§ 163) —

'The history of the *nisf-khiráiyá* tenure in Assam is a curious example of the manner in which rights in land are sometimes allowed to grow up. Former rulers of the country had granted certain lands rent free for religious and other purposes (that is, had assigned to the persons or institutions the Government right to the revenue, then taken mostly in labour, of these lands<sup>2</sup>). The last Ahom ruler, however, Chanda Kanta Singh, imposed on these lands a tax called *khárikatana*, of six annas a *pua* (a measure of four *bighas*), which continued to be levied by the Burmese invaders after their conquest of the

<sup>1</sup> *Administration Report*, 1882-3, § 162

<sup>2</sup> It is stated that when the Ahom rule was in its palmy days such grants were moderate, but

when in the seventeenth century the princes became Hindu, they gave out, with the pious zeal of new converts, large grants as 'Debottar' and 'Brahmatar' to the Brahmans

country When Assam became British by conquest, all these grants were held to have lapsed, but Mr Scott retained the moderate assessment which he found in force upon them, adding later on, two annas a *pura*, so that the whole assessment came, as left by him, to eight annas a *pura*. In 1834 the Government directed that a full inquiry should be made into all claims to hold land rent-free, as *debottar*, *dharma-mottar*, or on any other plea, throughout the districts of Assam, Captain Bogle was appointed to make this inquiry, subject to the control and orders of the Commissioner, Captain Jenkins. Another officer, Captain Matthie, was also similarly employed. At the same time the following principles were laid down for the guidance of these officers —

- ‘(1) All rights to hold land free of assessment founded on grants by any former Government were to be considered as cancelled, and it was pointed out that all claims for restoration to any such tenures could rest only on the indulgence of Government
- ‘(2) All lands found to be held in excess of what was held and possessed on *bonâ fide* grants prior to the Burmese conquest, or for services still performed, as well as all lands held for services no longer performed, were to be assessed at full rates
- ‘(3) All lands held on *bonâ fide* grants before the Burmese conquest, or for services still performed, were to be reported to Government on receipt of the report special orders would be issued on each case
- ‘(4) Captain Jenkins might in his discretion, suspend the orders for bringing any particular land under full rates, but he was to submit his reasons for the consideration of Government
- ‘(5) Pending the “*lakhna*” inquiry,” Mr Scott’s moderate rates were to be levied as before on all lands claimed as *lakhna* (whether as *debottar*, *brahmottar*, *dharma-mottar*, or on whatever plea) until brought under assessment at full rates, or until orders to the contrary were received from Government

‘The work commenced in 1834 was not concluded till 1860, and in the lapse of time these orders were altogether forgotten. Instead of referring to the cases which came before him for the orders of Government, General Jenkins dealt with them in a manner which was not authorized by his instructions

He drew a distinction between *debottar*, or temple lands, and other grants, such as *brahmottar* (personal grants to Brahmans for religious service), *dharmaottar* (grants to religious communities other than temples, or for pious uses), &c. In the case of the first, when he found the grants to be *bonâ fide* and valid, he confirmed them as revenue-free, without, as he was ordered, referring the case to superior authority. In all other cases of *bonâ fide* and valid grants, he simply confirmed the grantee in possession, and directed that, as ordered in his instructions, the land should be assessed as before, i. e. at Mr Scott's favourable rates of 8 annas a *pura*, pending the final orders of Government on the whole question. Where the land held was not found to be held under a *bonâ fide* and valid grant, it was resumed and settled at full rates, which in those days were R 1 a *pura*. But no reference was ever made to Government on the conclusion of the proceedings, and thus until 1861, when the revenue rates were raised throughout Assam, the second class of lands continued to be assessed at rates which, though this was not expressly intended, were, as a matter of fact, half the rates prevailing for other lands.

'The question what was to be done with these lands was not again stirred till 1872, when a long correspondence began, which was not finally closed till 1879. It was considered by the Government of India that, the grantees having so long been suffered to hold at half rates, it would not be judicious to make any alteration in their status and so General Jenkins' unauthorized action was condoned. These half-rate holders were at that time called, equally with the revenue-free holders, *lakhmajdars*, the term *nisf-lakhmajdar* was adopted in 1871, as a more accurate description of their status as landholders liable to be assessed at only half the current rates of revenue, whatever these may happen to be. A *nisf-lakhmajdar*, during the present Settlement, enjoys the further advantage of holding the waste lands of his estate, revenue-free. *Nisf-lakhmaj* estates generally throughout the Assam Valley have now been settled for a term of ten years, on the expiry of which a fresh Settlement is to be concluded, in which a light rate will be imposed on the waste lands, while the cultivated area will be assessed at half the current revenue-rates of the day.

'Three fourths of the *nisf-lakhmaj* estates are situated in the district of Kamrup, and date from the last period of Ahom rule, when the seat of Government had been transferred from

Gairigaon to Gauhati, and the Ahom kings gave away lands wholesale with all the zeal of recent converts to Hinduism. The *lakhuaj* or *debottar* grants, on the other hand, are usually of older date, the most ancient being ascribed to kings Dharmapal and Vanamala, who are said to have reigned between 1100 and 1200 A D.

These estates are, like the *chamuas* and *khuj-khats* already mentioned, ordinarily cultivated by sub-tenants, who, when their superior landlord is (as is generally the case) a religious institution, are known as *pariks* or *bhagats* of the temple or *shattri*, they usually pay only the Government rates as rent, but are in addition bound to do service for their superior landlord.

It is said that the *nisf-khuaj* estate 'is the nearest thing in Assam to the temporarily-settled estate of Upper India: it includes both cultivation and waste, pays a lump-revenue assessment and enjoys the privileges of a ten-years' Settlement, under which the *nisf-khuajdar* is at liberty to bring his waste into cultivation without any increase of assessment while the term endures<sup>1</sup>'

### § 6 *Difficulties in compacting the Holdings*

In the process of settling the claims to revenue-free holding which resulted in the *nisf-khuiraj* estates, the grantees were required to have the grants reasonably compact, and so to give up outlying plots and accept an equivalent of land in a suitable situation of which they would get half the revenue. Since then a question has arisen as to exactly what the intention was, and what the legal consequences are, in making such exchanges. Two views were possible. (1) It might be that no *land* was exchanged at all, the grantee simply submitted to full assessment on the detached blocks, and in return accepted 50 per cent of the revenue on certain equivalent blocks contiguous to the main estate, (2) or it might be, that he gave up *landed* interests in the detached block and accepted a grant of *land* elsewhere. Which view was true does not

<sup>1</sup> *First Report, Land Records and Agricultural Department, 1882-84,*  
§ 14

exactly appeal, but the second was certainly generally accepted. The case reported in *Calcutta Law Reports*, Vol XI 554, is one from the Darrang District, in which the Rājā had *rights* over tenants in the detached pieces given up, and claimed similar rights over the hitherto Government raiyats on the land taken in exchange. It was settled, so far, that the exchange between the grantee and the Government could not affect the rights or liabilities of the holders of the land whatever they were by law. The whole matter is too long for discussion in this place, but may be seen detailed in Mr Ward's note on the Kāmrup lakṣṇāj Settlement<sup>1</sup>

### § 7 Waste Land Grants

In Assam, thinly peopled for the most part, and with a 'boundless extent' of waste, these grants have a peculiar importance. They form one of the principal sources of modern tenure. The discovery of indigenous tea in Assam gave a great impetus to the establishment of tea-gardens, and naturally the special rules for grant of considerable areas of waste to capitalists (as distinct from the ordinary rules for occupation of plots of agricultural land) had in view chiefly the extension of tea-cultivation.

In this section I do not speak of *ordinary* applications<sup>2</sup> for available plots of land, although an applicant for such may grow tea or any other crop he pleases. In point of fact, the ordinary rules, even though they involve full assessment, are acceptable, since something like 76,500 acres of land are held by planters (mostly for tea) on the ordinary tenure on annual, periodic, or decennial leases as the case may be. The grants spoken of in this section are grants in larger lots for tea, cinchona, coffee, and other cultivation, which involves capital expenditure, and are allowed certain exceptional privileges.

They are made under the 'Waste-Land Rules' which

<sup>1</sup> See the letter of the Commissioner to the Chief Commissioner, No 1346, of 20th December, 1883.

<sup>2</sup> See the chapter on Revenue Business and Procedure. The ap-

plication is to the local official for ten bighas or less, and to the Deputy Commissioner for larger areas, a patta is then granted on the usual terms.

from time to time have been issued, and which were specially reconsidered in 1861, when Lord Canning's minute on the subject was published. Accordingly there are grants subsisting on different terms—being those prescribed by the rules in force at the time.

The *Report* for 1882 may again be quoted<sup>1</sup> —

‘The following is an account of the special terms under which waste land grants are held from Government in the various districts of the Province. Only one of these systems, viz., the Lease Rules of 1876, is now actually in force for new applications, but grants made under all of the prior rules actually exist, and they are governed by the conditions in force at the time when they were given.

‘I. The first special grant rules were those of the 6th March, 1838, and related to Assam Proper only. No grant was to be made of a less extent than 100 acres, or of a greater extent than 10,000 acres. One-fourth of the entire area was to be in cultivation by the expiration of the fifth year from the date of grant, on failure of which the whole grant was liable to resumption. One-fourth of the grant was to be held in perpetuity revenue-free. On the remaining three-fourths no revenue was to be assessed for the first five years if the land was under grass, ten years if under reeds and high grass, and twenty years if under forest, at the expiry of this term, revenue was to be assessed at nine annas per acre for the next three years, after which the rate was to be for twenty-two years R 1-2 an acre. At the close of this period (the thirtieth year in the case of grants of grass lands, thirty-fifth in the case of reed lands, and forty-fifth in the case of forest lands), the three-fourths liable to assessment were to be assessed, at the option of the grantee, either at the market value of one-fourth of the produce of the land, or at the average rate of revenue paid by rice lands in the district where the grant was situated, the revenue was thereafter to be adjusted in the same manner at the end of every term of twenty-one years.

‘Very few grants under these rules now exist. There are two in Kamrup and sixteen in Sibsagar, with a total area of 5533 acres.

‘II. The next rules were those for leasehold grants of the

<sup>1</sup> § 175, Special tenures

231d October, 1854, commonly called "the old Assam Rules" Under these rules no grant was to be less than 500 acres in extent (afterwards reduced to 200 acres, or even 100 acres in special cases) One-fourth of the grant was exempted from assessment in perpetuity, and the remaining three-fourths were granted revenue-free for fifteen years, to be assessed thereafter at three annas an acre for ten years, and at six annas an acre for seventy-four years more, making a whole term of ninety-nine years after which the grant was to be subject to re-survey and Settlement "at such moderate assessment as might seem proper to the Government of the day, the proprietary right remaining with the grantee's representatives under the conditions generally applicable to the owners of the estates not permanently-settled" One-eighth of the grant was to be cleared and rendered fit for cultivation in five years, one-fourth in ten years, one-half in twenty years, and three-fourths by the expiration of the thirtieth year, and the entire grant was declared to be liable to resumption in case of the non-fulfilment of these conditions The grants were transferable, subject to registration of transfer in the Deputy Commissioner's office These rules were extended to Sylhet and Cachar in 1856, and were in force till 1861, when they were superseded by rules for grants in fee-simple, which at the same time allowed holders of leasehold grants under the prior rules to redeem their revenue payments, on condition that the stipulated area had been duly cleared, at twenty years' purchase of the revenue at the time payable This permission is still in force, and has largely been taken advantage of 262 grants, with an area of 282,758 acres, have thus been redeemed, and 52 grants, with an area of 45,673 acres (most of which are in Cachar) remain upon the original terms

'III To these succeeded a new policy, that of disposing of land in fee-simple The first fee-simple rules were those issued by Lord Canning in October, 1861, the Secretary of State took objection to some of their provisions, and a fresh set of rules was issued on the 30th August, 1862. The rules issued by Lord Canning provided for the disposal of the land to the applicant at fixed rates, ranging from R 2-8 to R 5 the acre The rules of August, 1862, provided that the lot should be put up to auction Grants were to be limited, except under special circumstances, to an area of 3000 acres In each case the grant was ordinarily to be compact, including no more

than one tract of land in a ring-fence. The upset price was to be not less than R 2-8 an acre, and in exceptional localities it might be as high as R 10. Provision was made for the survey of lands previous to sale, and for the demarcation of proper boundaries where applicants for unsurveyed lands were, for special reasons, put in possession prior to survey and also for the protection of proprietary or occupancy-rights in the lands applied for. The purchase-money was to be paid either at once or by instalments. In the latter case, a portion of the purchase-money, not less than 10 per cent, was to be paid at the time of sale, and the balance within ten years of that date, with interest at 10 per cent per annum on the portion remaining unpaid. Default of payment of interest or purchase-money rendered the grant liable to re-sale.

‘These rules were in force till August, 1872, when the Lieutenant-Governor of Bengal stopped further grants under them, pending revision of the rules.

‘IV Revised fee-simple rules were issued in February, 1874, just before the constitution of the Province as a separate Administration, which raised the upset price of land sold to R 8 per acre, and made more careful provision for accurate identification of the land, and for consideration of existing rights and claims, before its disposal. These rules continued in force till April, 1876.

‘There now exist in the Province 325 fee simple grants (excluding redeemed leasehold grants already mentioned), covering an area of 201,831 acres<sup>1</sup>.

‘V The existing special rules under which applications for waste land for the cultivation of tea, coffee, or timber-trees are dealt with are those of April, 1876. The land is leased for thirty years at progressive rates, and the lease is put up for auction sale, but only among applicants prior to its advertisement in the *Gazette*, at an upset price of R 1 per acre, under the provisions of Act XXIII of 1863. The progressive rates are as follows —

For the first 2 years	revenue free
„ next 4 „	3 annas an acre
„ „ 4 „	6 „ „
„ „ 10 „	8 „ „
„ „ 10 „	1 rupee „

<sup>1</sup> And these would be under the Regulation ‘proprietors’ estates



After the expiration of the term of lease, the land is to be assessed under the laws in force "provided that no portion of the land shall at any time be assessed at a rate higher than that then payable on the most highly-assessed lands in the district, cultivated with rice, pulses, or other ordinary agricultural produce" The grantee is required to pay the revenue punctually at the due date, to devote the land only to the special crops for cultivating which it is granted, to personally reside in the district, or have an agent residing there, to erect and maintain in repair proper boundary-marks, not voluntarily to alienate any portion of the land unless the estate is transferred as a whole, and to give notice to the Deputy Commissioner of all such transfers. On breach of any of these conditions, the concession of the favourable rates of assessment on which the land is held is liable to be withdrawn, and the estate to be assessed at the ordinary district rates. There were altogether at the end of 1882-83, 545 estates, covering 221,379 acres, held on this tenure in Assam<sup>1</sup>

From the above summary it will be seen that from 1838 to 1861 the principle on which waste lands were granted for tea-cultivation was that they should be held on a leasehold tenure for long terms at low rates of assessment, the cultivation of the land being secured by stringent conditions as to clearance, from 1861 to 1876 the policy was to alienate land free of revenue demand, and without any clearance conditions, while from 1876 to date, the principle of leases has again been reverted to, but this time without any special stipulations as to the area to be brought under cultivation within the term of

<sup>1</sup> Though this chapter relates to Assam proper, it will be convenient to notice here a peculiarity in the Waste land grant of the Sylhet district. 'Mention should here be made of a special tenure, compounded of the lease under the rules of April 1876, and the terms on which *ilam* land is held in the Sylhet district, on which certain tea planters have been allowed to hold land for tea in South Sylhet. When the *ilam* re-settlement was in progress in this district, it was found that several planters had recently acquired considerable areas of waste land held under *ilam pattas*. One of the rules of the *ilam* Settlement was that waste land

within the boundaries of the *patta* which exceeded the proportion of one fifth of the cultivated area, should be cut off and resumed by Government. But it was precisely in order to obtain this waste land that tea-planters had required the *ilam pattas*. A compromise was, therefore, made in 1879, the land already under tea was assessed at R 1-8 per acre, of the waste, an area equal to one fifth of the cultivated area was allowed at eight annas an acre, and the rest was permitted to be held on the terms and at the rates specified in the waste land rules of 1876. There are fifty-nine such estates in Sylhet, with an area of 29,536 acres'

lease The total area held on these special terms for tea-cultivation in the Province is no less than 786,710 acres, or 1229 square miles'

For the last two or three years there has been a contraction in the demand for waste land This is due not only to depression in trade and low prospects of tea, but also to the fact that many previous grants had not been fully cultivated, so that there was much room for extension without taking up more land

The *Administration Report* for 1886-87<sup>1</sup> states that the total area (of the entire province) taken up for tea-cultivation and purposes subsidiary thereto, now measures 961,643 acres

### § 8 Tenants

In all parts of India where the custom of landholding has remained simple—an individual right to the occupant, family, or individual—it is the natural consequence that there is, as a rule, little or no room for those—often burning—questions of tenant-right which arise when the proprietary right in estates has been granted to, or recognized as belonging to, some middleman whether a 'Zamíndár,' 'Talúqdár,' auction-purchaser, farmer, or a proprietary body, between the State and the actual cultivator

In Assam, however, there are the permanently-settled districts in which the rights of the tenants may need protection by law, and the attention of the Administration being thus attracted, it is natural that notice should be taken of the larger estates of 'iáiyats,' and especially of misf-khuáj estates and revenue-free estates where tenants are employed with reference to the relations of landlord and tenant generally

The argument is that it is best to take the opportunity

<sup>1</sup> General Summary, § 16 From the *Agricultural and Land Records Report*, 1884-5, which contains maps showing the different percentages of cultivation of different kinds, I find the percentage of cultivation (generally) to total area of each district was thus given—

Goalpara 1 to 4 per cent

Lakhimpur	4 to 7 per cent
Darrang	7 to 10 „
Nowgong	10 to 13 „
Sibsagar	16 to 19 „
Kamrup	22 to 25 „

The largest proportions of tea to other cultivation are shown in Upper Assam

equitably to define relations before there is any embittered feeling between the two classes, and when the 'landlords' themselves have had the advantage of a tenure recently secured by legislation<sup>1</sup>

At present inquiries are being pursued, but it is hardly too much to say that there is no general demand for a tenant-law. At one time it was a question whether Act X of 1859, the then Bengal tenant-law, was in force in the Assam Districts or any of them. Reference may be made on this subject to the *Indian Law Reports*, Calcutta Series, Vol IX (Full Bench), p 330, where rent-suits or disputes with tenants are treated as ordinary Civil litigation. The Act of 1859 was never in force except in Goalpāra, which was at the time an integral portion of Bengal and subject to the ordinary or 'Regulation law'

### SECTION III—THE LAND-REVENUE SETTLEMENT

#### § 1 *Classification of Land for Assessment Purposes*

For the purposes of Settlement, land in the Assam districts is naturally classified into (1) 'basti' or 'bān' land, the site for house and garden (this land is manured and often highly cultivated), (2) 'rūpit'<sup>2</sup> or ordinary rice-land,

<sup>1</sup> A writer in the *Pioneer* (of October 27th, 1883) refers to the case of the mislkhurj settlements already referred to (see p 406, ante) as cases where a tenant-law may be needed. Here the object was to settle estates in compact areas, and so exchanges were effected in some cases whereby a bit of land was left out of the estate and another bit—occupied by ruyats—included. It was not intended of course to alter any one's right, the free-tenure holder would simply collect the revenue from the ruyat and retaining his own share, pay the rest into the treasury. But it was found—and said to have been decided by the High Courts,—that the ruyat so exchanged into the estate, became a tenant liable to enhancement of rent! It should be remembered that the lakhurj

and other such holders are men of a class privileged under the Ahom rule, who have not forgotten that in such estates the residents (or paiks) were bound to give them a certain portion of labour free, and although no such thing was recognized by the British law, the tendency of the estate holder to imagine his tenant to be still a 'serf,' was natural, and when a 'free' ruyat hitherto holding under Government found himself become (by the exchange spoken of) the tenant of such an estate, he would naturally desire some legal protection against 'enhancement' and ejectment.

<sup>2</sup> The name is by some derived from *rompna*, to root up, or transplant, because rice is often sown in nurseries and the seedlings transplanted (and then called sili)

(3) 'fainingatí'<sup>1</sup> which is a residuary class including tea-land, as well as 'chápai' (or chai) alluvial islands, and dry-crop land on high ground, fluctuating or temporary cultivation, or in short, *any land that is not 'bastí' or 'rúpit'*

### §-2 *Fluctuating Cultivation*

I may mention that the physical conditions of the Assam climate, the changeful nature of the river-bed, and the habits of the people, all combine (in many places) to produce a system of temporary or fluctuating cultivation. In that case the land is held on annual lease.

To discourage the capricious relinquishment of land, the latest rules of Settlement require that if a man gives up a holding, and takes it up again the following year, he shall pay (for the year) 50 per cent higher revenue. It is a common custom with the Kácháí tribe (who are only found where land is abundantly available) to throw up the whole of their holding, and during the following year to take up again that portion which they find themselves in a position to cultivate. When a Kácháí gives in a petition like this—resigning the entire holding, he has rarely the intention of giving it all up. He has perhaps lost some cattle, or his family is reduced in number, and he does not feel certain as to how much land he can cultivate. If he does not resign, he knows he will have to pay revenue whether he cultivates or not, and to save himself the cost, he makes sure by resigning all—meaning at once to apply for part of the land again.

This practice is common, for instance, in the Dairang District, where waste is abundant, and where (among the

But in Assamese 'rua' means 'transplanted,' and this is the more probable origin. In the *Instructions to Manuals* of December 1884 it is noted that *rúpit* is confined to this kind of rice-land, but the *Settlement Rules* (28th October, 1887), under the Regulation, now enact that *rúpit* is to mean any land growing *transplanted* rice—whether it is 'bao' (deep-flooded)

or any other—is distinguished from the land that bears rice sown *broad-cast* (Ahu), which is of a different character.

<sup>1</sup> I have adopted the ordinary official spelling—though it is difficult to account for the etymology of this term. I have not been able to trace either its origin or intrinsic meaning.

Kácháís) there is a 'brotherly feeling' which prevents one man from applying for a resigned holding which he knows his friend has relinquished with the intention of taking it again after a time. But sometimes the frequent resignation of land does indicate that cultivation is fluctuating. For example in some places, upland, out of the reach of flood, and covered with short grass, is selected (in the river belt before described). This land is soon exhausted—not being flooded, and is therefore soon abandoned.

In other parts there are lands that appear to require two years' fallow after two or three years' cultivation. In such a case the land is resigned, and if found available is taken up again. In Kámrúp I find notice of a third kind of fluctuating cultivation called '*pám*', it consists of clearings effected by burning the tall 'elephant' grass, on low-lying tracts that are wholly or partly submerged in the flood season<sup>1</sup>. As these are at a distance from the permanent homesteads, winding paths are cut through the tall grass, and temporary huts (*pám bastí*) are erected on the spot. Mustard chiefly is grown the land gets exhausted after the third year and is exchanged for new. Mr Dariah speaks of immense areas held on this form of tillage in Kámrúp, Nowgong, and North Lakhimpur<sup>2</sup>. Of course cultivation in general, undertaken on alluvial lands and *chars*, that are here one year and reformed somewhere else the next, is essentially fluctuating, this is very common in the valley.

### § 3 *Early Form of Settlement.*

The earliest form of Settlement has now no interest. Up to 1836, nothing was done except to realize the revenue as levied under the Native rule, only without making the

<sup>1</sup> Such lands are not necessarily in the river bed, but are mostly found near the river. In the Bhurpeti subdivision, such cultivation is to be seen almost up to the

slope of the Bhutan hills.

<sup>2</sup> See Report of Department Agriculture and Land Records for 1886-87, §§ 13 17.

demand for personal labour, and produce which was part of the old 'khelwári' system of taxation

In 1836-42 a system was attempted, but hardly put into real practice, of making short Settlements for a circle of villages (called a *mauza*<sup>1</sup>) with a contractor or revenue-farmer called 'mauzadái'

The system actually adopted in practice was (what it still remains in tracts where the population and style of cultivation would not be suited by a ten-years' Settlement) a system of annually measuring or verifying the raiyat's holding, and charging his actual cultivation with certain fixed rates of revenue, according as it was 'báí,' 'rúpit,' or 'faringatí'

#### § 4 *Present System*

The present Settlement system may be described under two divisions—

- (1) tracts where the cultivation is fluctuating, or if permanent, where the general condition is backward there are *annual measurements*, supported by two simple records on which *pattas* or leases for the year, or for periods under ten years, are issued,
- (2) tracts more advanced, where the cultivation, having gone on for some years continuously, is presumably permanent, and ten years' Settlements are in force under rules made in 1883

As the introduction of a Cadastral Survey, preceded by a notification under Section 18 of the Regulation, and the preparation of the (generally similar but more detailed) records of Settlement, is at present an exceptional proceeding, it will be best to describe, first, the general method, and then add an account of the cadastral work

There are no village-boundaries in Assam except in the Kámrúp district and other places cadastrally surveyed, where the boundaries of villages are laid down and shown in the maps<sup>2</sup> But separate groups of land having local names exist

<sup>1</sup> The student will note that the mauza of Assam has nothing to do with the mauza of Upper India

<sup>2</sup> This is true of the whole province In Sylhet and Cachar, and probably in Assam in old days, the

### § 5 *The Assam 'Mauza'—Amalgamated Lands*

For ordinary purposes, however, the Assam 'mauza,' and not the village, is of importance

A considerable area of cultivated and waste land (which may contain several villages) aggregated for the purposes of record and revenue collection, is indicated by the term 'mauza' The revenue charge of a mauza, and the responsibility for the whole revenue of it in the first instance—rests with a contractor called mauzadái But the mauzadáis are often poorly educated and inefficient, and a commencement has been made in the introduction of the 'tahsíl' system, whereby a regularly graded and paid tahsildái is or will be appointed to a local area, instead of the more expensive and less efficient mauzadái

Inside the 'mauza' are a number of circles, and each circle has a 'mandal' who does the measuring and recording he, in some respects, represents the 'patwáí' of other parts The arrangements made for the control and supervision of these officers is mentioned afterwards

The mauza may include more than one kind of estate, or tenure, and as some of these lands are not within the scope of the mauzadái's revenue responsibility, such lands are said in technical language not to be 'amalgamated' with the mauza, though otherwise included in the area Lands 'amalgamated' are those raiyatwáí lands, whether held on annual or periodic lease, which are subject to the measurement and revenue collection of the mauzadár Lands in the mauza, which are not 'amalgamated,' will consist of—the large tracts of unoccupied waste frequently to be found, chamúa or other estates paying their revenue direct to the treasury, nisf-khuáj estates, and revenue-free estates<sup>1</sup>. None of these appear in the mauzadái's books

'Khel' was the analogue of the village—being a group of lands taken up by an associated body of cultivators or settlers A number of khels or mahals were aggregated for Revenue purposes into mauzas

or Parganas (or 'Zillas' in Sylhet)

<sup>1</sup> Small nisf-khuáj holdings of less than fifty bighas may, however, be 'amalgamated'

or records, as far as measurements and revenue collecting responsibility are concerned

### § 6 *Mauzadár's Registers*

For all lands for which the mauzadár is responsible, he keeps two registers known as (1) *dág-chitthá*<sup>1</sup> and (2) *jama-bandí*. The former shows the number borne by each field, its boundaries, measure of length and breadth, its area, class of soil, and the crop grown on it, as well as the name of the Settlement-holder. The second begins with the Settlement-holders, showing the fields each holds, the numbers which the fields bear in the *dág-chitthá*, the area of each, and the class—whether ‘*bastí*,’ ‘*íúpít*,’ or ‘*faringatí*,’ with the revenue assessed and the local rates. The *jama-bandí* thus forms the revenue-roll of the *mauza*.

The *mandals* write up these records annually. A *mandal* numbers consecutively all the fields in his circle, because (as above remarked) village-boundaries do not exist. The numerical series may be disturbed from year to year, by the relinquishment of old fields and taking up new ones, and hence rules have been made to avoid the confusion that would ensue. Where there are permanent fields, annual remeasurement is not needed, the areas are simply copied from the last register to the new one, and the periodic leases are kept in a separate schedule but other lands have to be measured annually, and these also are kept separate.

### § 7 *Method of Measurement and Assessment*

Measurement is by a 30-feet chain, or with a rod according to local usage. The *bighá* of 14,400 square feet (1600 square yards) is adopted<sup>2</sup>. The area is calculated by multiplying the average length and breadth on the assumption (generally true) that the field is rectangular, if it is irre-

<sup>1</sup> ‘Dig’ is the name for a field, indicating a plot marked by a line cut in the jungle or otherwise. Waste unoccupied fields are spoken of as *sarkari dig*.

<sup>2</sup> Sometimes a *pura* = four of such *bighas* is spoken of. The *bighá* is

subdivided almost invariably into five *katha* (cottah), and the *katha* is divided into twenty ‘*lessa*,’ one ‘*lessa*’ being thus the hundredth part of the *bigha*, i.e. 144 square feet.



gular, the rectangle is calculated, and corners separately calculated and added to get the total

The fields being once classified, as the rates for rūpī, bastī, and fāringatī are fixed<sup>1</sup>, the assessment is a matter of arithmetical calculation. The whole process is gone through twice in the year, the main Settlement being that which includes all the lands occupied when the financial year begins (1st April) and up to the filing of the papers in July and August while the supplementary Settlement, spoken of as '*dar-yābādī*' (cultivation of river-lands), takes in the new lands broken up after the floods subside, or in the cold season, for mustard, pulse, and other cold-season crops.

### § 8 *Additional Registers*

In order that the mauzadār may be aware of the state of all lands in his mauza, whether 'amalgamated' or not, his jamabandī now has parts which show the estates and their revenue paying direct to the treasury, the nisf-khuj hold-ings, and waste land grants. The particulars are furnished from the Deputy Commissioner's office.

The mauzadār keeps up certain other forms which may here be briefly alluded to, they are —

(Form C) A register of revenue-free lands including modern grants of waste revenue-free, old revenue-free grants, and reserved or State forest lands

(Form D) A general abstract Statement of all lands in the mauza, including unappropriated land available for appropriation

(Form E) An annual statement of 'lands relinquished'

(Form F) is a financial form, and shows the revenue demand of the year on each class of soil, with the area

It consists of a separate table for each kind of estate —

<sup>1</sup> Bastī and garden lands growing fruit trees, betel palm, and vegetables, pay-1 R per high :  
Rupit (rice land) 10 as     ,,  
Fāringatī           8 as     ,,  
But no assessment can be less than eight annas. Fractions are

disregarded if less than half an anna, and if half or more, the whole anna, is counted. Where the revenue of a holding is R 100 or more, any fraction of a rupee less than eight annas is dropped, and if more is counted as a whole rupee (Rules 32-34)



maps and brought to book as the case may be, so that the work may not be lost or have to be done over again

The orders for maintaining the work were contained in Circular No 31, dated 28th June, 1887, which has been replaced by orders issued in the summer of 1889. These I have not been able to procure

### § 10 *The Cadastral Survey System*

For the purposes of the survey it is, of course, necessary that boundaries should be fixed, and the marks preserved when they are fixed<sup>1</sup>

Reg. I of  
1886, secs  
21, 22

The Regulation gives power to the survey officer to require information and assistance, and that marks should be erected or repaired as the case may be

Sec 23

If a dispute occurs, the survey officer will inform the Settlement Officer, who is empowered to settle the matter

The details of the process of survey would be foreign to my purpose, but I may mention that every field within the village-boundaries as laid down, received a separate number, and so every road, *bil* (a swampy place or deserted channel), river, public land, cultivable and uncultivable waste plot. The occupied land was divided into fields, as many of the old (separately numbered) *dāgs* of the mauza as belonged to the same raiyat, were contiguous and of the same class, were made into one field or survey number. But if the area exceeded five acres, and was held partly or wholly by the landholder's tenants, then each tenant's holding was surveyed and numbered as a separate 'field'. This plan of following the *tenant's* holdings was adopted in revenue-free, *chamuá* and *nisf-khujá* estates (where tenants are usual). Lands that had been relinquished, and new fields formed, were always made

<sup>1</sup> I find many of the reports speak of 'prism-planting,' which means that the demarcation is done by triangular prisms of stone (3' x 1' x 1') made of Chunar stone brought from Calcutta. These are sunk in the ground, making excellent marks which indicate the junction of three villages. To indicate theodolite sta-

tions it has been found useful to plant branches of the *semal* (*Bombax malabaricum*) which take root easily. They are planted exactly five feet to the north (magnetic) of a wooden peg driven into the ground. In other places earthen mounds (*aul*) are employed.

into separate numbers. Where a public *road* crossed a holding, the fields on either side would be separate numbers, but a mere path would only be shown by dotted lines and not necessitate such a separation.

### § 11 *Classification and Assessment*

Both processes are extremely simple, being just the same as under the annual Settlements. Land is classified as already stated, and the assessment rates are fixed (vide Sec III, § 1, and § 7 *note*, ante)

Rules  
31-34

The rates, it should be remembered, do not apply to land which has an exceptional value, being within five miles of the boundary of any military cantonment or civil station. The Chief Commissioner will determine special rates for such land.

Rule 33

With a view to the encouragement of cultivation, the Deputy Commissioner, with the sanction of the Commissioner, may exempt land taken on periodic leases, from the assessment for three years. A further extension of the period of exemption requires the sanction of the Chief Commissioner.

Rule 35

For '*nusf-khurāj*' lands there are special rules<sup>1</sup>. They are settled ordinarily for ten years. If less than fifty bighās in extent, the land may be '*amalgamated*' with the mauza, and the survey and measurement are done by the mauzadāi or the tahsildār. If larger, a Government survey party makes the measurement previous to resettlement, and prepares a map on the scale of sixteen inches to a mile. A separate '*chitthā*' and a jamabandī are prepared for each larger estate. The rate of assessment per bighā on cultivated *nusf-khurāj* land is half the rate specified in Rule 32. But waste land and land not under cultivation for three years prior to new settlement, is assessed at 1 *anna* 3 *pie* per bighā. A separate report of the Settlement of each larger estate is submitted. The report contains the particulars specified in Rule 67, and a lease is given for each estate.

Rules  
59 64

Rule 67

<sup>1</sup> The Rules are those under the Regulation

### § 12 *Procedure in applying for Waste Land*

I have already spoken of the tenure of existing grants of waste land, but in a country where the best cultivated district has only 25 per cent of the whole area under cultivation, it follows that procedure for taking up of new land for cultivation is a matter of importance.

The rules contemplate waste being devoted to (1) special cultivation, (2) ordinary cultivation. 'Special cultivation' is tea, coffee, cinchona, timber, or other produce other than the ordinary agricultural staples of the Province, and which requires a considerable expenditure of capital.

When waste land is of such character or in such a position that it is not likely to be taken up for ordinary staples, it may be applied for for 'special cultivation,' provided that it does not bear valuable timber, nor is known or supposed to contain valuable minerals, nor is wanted for grazing or fuel supply, nor is subject to 'special privileges' of neighbouring villages, nor to claims by 'wild tribes'. It should be noted that no 'fee simple' land is now granted. The essence of the transaction is a *lease*, which after due observance for a term of years, ripens into the ordinary 'landholder's' tenure under the Regulation. The chief features of the procedure are the written application giving particulars, the limit of 600 acres, except under special sanction, the necessity of satisfying the Deputy Commissioner that if the applicant already holds a grant or lease, he really intends to cultivate or plant the area applied for<sup>1</sup>, the deposit of a sum to cover cost of survey, a survey and demarcation—a map being made (sixteen inches to a mile), the issue of a 'notice of sale', the valuation of timber on the grant, and the execution of a lease and counterpart. When the preliminaries are all gone through, and no objection is found

<sup>1</sup> Great trouble has been experienced in many parts, by the habit of allowing land to be taken up by grantees who have no use for it, and who merely let it lie, and at some future time try to make profit out of it when land is in

more demand, and sells it at a higher price. During a course of years the boundaries have become uncertain, or squatters may have long occupied certain plots, giving rise to disputes and even litigation.

to the grant (under Act XXIII of 1863 or otherwise), a deposit of purchase money to the full amount of the 'upset price' has to be made, and the balance (if the land fetches more at sale) must be paid up in a month, the penalty being the cancelment of sale, and loss of the deposit as well as the survey deposit

Rules 8,  
20 21

The rules must be consulted for further particulars as to the block being compact, public roads being reserved with a strip on each side, and so forth

Under a lease bought at auction in this manner, rights to minerals and certain other rights are reserved to the State, and the land-revenue assessment is remitted for two years, after which it is levied at—

3 as	per acre for	4 years
6 as	ditto	4 "
8 as	ditto	10 "
1 Re	ditto	10 "

and after that the land is liable to ordinary rates The lessee becomes a 'landholder' with the usual permanent, heritable, and transferable right

Waste land suitable for (2) *ordinary* cultivation may be utilized, of course, for special cultivation or building, as well, —but on the ordinary terms

Here the land will be classified as *basti*, *rupit* or *faringati* in the usual way

It is taken up on periodic lease ordinarily not exceeding ten years, or twenty years by special sanction of the Chief Commissioner<sup>1</sup>

An application may be made stating whether the land is required on annual or periodic lease If the application exceeds fifty bighás, it must be to the Deputy Commissioner, or the sub-Divisional Officer, and there must be a survey and a map and a special Report

Rules  
42, 43

### § 13 *Resignation.*

Any Settlement-holder may give up the whole or part of his land, on tender of resignation on or before the 31st

<sup>1</sup> Periodic leases are not issued, —on taking up 'faringati' in ordinary cultivation, when a person is discovered in possession without a lease, or for land within certain distances of public roads

### § 12 *Procedure in applying for Waste Land*

I have already spoken of the tenure of existing grants of waste land, but in a country where the best cultivated district has only 25 per cent of the whole area under cultivation, it follows that procedure for taking up of new land for cultivation is a matter of importance.

The rules contemplate waste being devoted to (1) special cultivation, (2) ordinary cultivation. 'Special cultivation' is tea, coffee, cinchona, timber, or other produce other than the ordinary agricultural staples of the Province, and which requires a considerable expenditure of capital.

When waste land is of such character or in such a position that it is not likely to be taken up for ordinary staples, it may be applied for for 'special cultivation,' provided that it does not bear valuable timber, nor is known or supposed to contain valuable minerals, nor is wanted for grazing or fuel supply, nor is subject to 'special privileges' of neighbouring villages, nor to claims by 'wild tribes'. It should be noted that no 'fee simple' land is now granted. The essence of the transaction is a *lease*, which after due observance for a term of years, ripens into the ordinary 'landholder's' tenure under the Regulation. The chief features of the procedure are the written application giving particulars, the limit of 600 acres, except under special sanction, the necessity of satisfying the Deputy Commissioner that if the applicant already holds a grant or lease, he really intends to cultivate or plant the area applied for<sup>1</sup>, the deposit of a sum to cover cost of survey, a survey and demarcation—a map being made (sixteen inches to a mile), the issue of a 'notice of sale', the valuation of timber on the grant, and the execution of a lease and counterpart. When the preliminaries are all gone through, and no objection is found

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more demand, and sells at a higher price. During a course of years the boundaries have become uncertain, or squatters may have long occupied certain plots, giving rise to disputes and even litigation.

to the grant (under Act XXIII of 1863 or otherwise), a deposit of purchase money to the full amount of the 'upset price' has to be made, and the balance (if the land fetches more at sale) must be paid up in a month, the penalty being the cancelment of sale, and loss of the deposit as well as the survey deposit

Rules 8,  
20 21

The rules must be consulted for further particulars as to the block being compact, public roads being reserved with a strip on each side, and so forth

Under a lease bought at auction in this manner, rights to minerals and certain other rights are reserved to the State, and the land-revenue assessment is remitted for two years, after which it is levied at—

3 rs	per acre for	4 years
6 rs	ditto	4 "
8 rs	ditto	10 "
1 Re	ditto	10 "

and after that the land is liable to ordinary rates. The lessee becomes a 'landholder' with the usual permanent, heritable, and transferable right

Waste land suitable for (2) *ordinary* cultivation may be utilized, of course, for special cultivation or building, as well, —but on the ordinary terms

Here the land will be classified as *basti*, *riyunt* or *farimgati* in the usual way

It is taken up on periodic lease ordinarily not exceeding ten years, or twenty years by special sanction of the Chief Commissioner<sup>1</sup>

An application may be made stating whether the land is required on annual or periodic lease. If the application exceeds fifty bighás, it must be to the Deputy Commissioner, or the sub-Divisional Officer, and there must be a survey and a map and a special Report

Rules  
42, 43

### § 13 Resignation

Any Settlement-holder may give up the whole or part of his land, on tender of resignation on or before the 31st

<sup>1</sup> Periodic leases are not issued, —on taking up 'farimgati' in ordinary cultivation, when a person is discovered in possession without a lease, or for land within certain distances of public roads



- Rule 52 December in each year The Settlement officer may refuse an application There is nothing to prevent a holder resigning land one year and then applying for it again,
- Rule 46 except that already alluded to, viz that if the person applies after having resigned the previous year, he will only get an annual lease, and he will be liable to be assessed at 50 per cent above the ordinary rates for that year, after which subsequent re-Settlements will be at standard rates

### § 14 *Re-Settlement*

As no Settlement (except on auction lease of waste land for special cultivation) is ordinarily for more than ten years, and a number are on periodic leases for less than ten years, and a large number on annual leases, it follows that re-Settlement is always going on

Re-Settlement is accompanied by a re-measurement<sup>1</sup>, and preparation of the *dág-chuttha* and *jamabandí* as already explained, except where there has been a regular or a cadastral survey which is intended to be made once for all

See Regulation I of 1886, sec 32, and Rule 47

If there is a 'landholder' in possession, he is entitled to the re-Settlement if not, the lessee is ordinarily entitled to preference, but has no legal claim to a re-Settlement If no one is found in possession immediately under Government, the Settlement may be offered to the actual cultivator

But to prevent doubt, it is a rule that no one is entitled to a re-Settlement, unless his name is on the District General Register of revenue paying estates, as Settlement-holder of the land

If the person entitled and offered, declines to accept a re-Settlement, there is a procedure for which the Rules may be referred to

Rule 51

<sup>1</sup> By the *muzádar* and *mandal* in ordinary cases, unless it be known that there has been no material change But in holdings exceeding fifty bighas a professional surveyor is employed (Rule 50), and in such cases a special Settlement report is submitted under Rule 43

In the case of planters' grants

there has been correspondence about the acceptance of *private* surveys made by the grantees, for Settlement purposes I do not propose to go into the detail, but reference may be made, for the terms agreed to by the Chief Commissioner, to letter No 4143, dated 22nd November, 1886

§ 15 *Record of Rights*

Allusion has already been made to the simple records made by the *mauzadars*, and those prepared by the Settlement officer in a more detailed form in cadastrally-surveyed tracts. From their form and contents it will be seen that they furnish the *data* required regarding the land, and also sufficiently secure the rights of the different classes interested in the land. The legal basis on which they rest is to be found in the Regulation and it is only necessary further to mention that the entries are made on the usual basis of possession, as admitted or as decided on inquiry by the Settlement officer, and that any dispute as to right is referred to the Civil Court.

Reg I of  
1886, secs  
40-42

In the case of *tenants*, the Settlement officer is exceptionally given power to decide their position or class under any Rent Law for the time being in force, as also the amount of *rent* payable, and subject to the appeal contemplated by the Regulation, the Settlement officer's decision is final.

Sec 151.

The Record of Rights is legally presumed to be correct till the contrary is shown.

## CHAPTER III

### THE SPECIAL DISTRICTS OF ASSAM

#### SECTION I—GOÁLPÁRA

##### § 1 *History*

WHEN Bengal was granted to the British Power in 1765, the great Collectorate of Rangpur included in its eastern and north-eastern portions a wild jungle country, mostly hilly, but with some considerable area of plain country on both sides of the Brámaputra river. The Mughal Government had done very little for this country<sup>1</sup>, but they had an officer with the title of *faujdár* stationed at Rangamati, midway between Goálpára and Dhubí. At the foot of the Gáio Hills in the plain country on the north, and also in a wild and hilly tract to the west of the Gáio Hills certain local magnates had established themselves, they were called 'Chaudharí,' and were assessed to a certain 'mál' of revenue, which they paid to the Mughal officer (and after cession to the British '*Sazáwal*' or manager) not in cash but in elephant-tusks, cotton, and 'agai'<sup>2</sup>. They maintained a kind of border police to repress the raids which the Gáios made on the plains, and established 'hát' or markets at which the Gáios sold their produce and paid such trade-duty or tribute as the Chaudharís were able to impose<sup>3</sup>.

<sup>1</sup> It was inhabited by a 'Mech' or Kachari population, and some of these had become Hindus under the name of Koch or Kuch. It had become part of the Rangpur kingdom of the Koch dynasty, which was overthrown in A.D. 1682 by the Mughal power under Mansur Khán.

<sup>2</sup> A wood valued for the medicinal virtues of a peculiar scented resin produced in it under certain conditions of disease, and called

Eagle wood (*Aquilaria agallocha*).

<sup>3</sup> The Gáios were regarded as most troublesome marauders. Their raids were occasioned sometimes by the vexatious imposts of the Chaudharis and often still owing to the nature of wild tribes and their desire to obtain 'heads' and victims for sacrifice on occasion of funerals of their Chiefs (*Administration Report, 1882-83, § 86, &c.*)

In the course of time, and as the result of reprisals made by the Chaudharís on the Gáros after their raids, the Zamíndáris (estates of the Chaudharís) had been extended into the outer hills and the outer villages had been subjected to tribute, while the inner Gáros were 'independent'

In 1816, attention was specially called to this state of things, and it was proposed to put the tract under a special law, removing it from the general Regulations, this was done by Regulation X of 1822

The Zamíndáris were compensated for loss of tribute and for the lands held in the hills, and the Gáo hills were separated completely

We are here concerned with the plains portion of Goálpáia

The Zamíndáris estates, which came under the decennial Settlement, made permanent by the proclamation of 1793, were the lands comprised in the 'thánas' of Dhubrí and Goálpáia on the north, and the wilder and more hilly thána of Karábáia on the west of the hills. In 1788, cash rates had been substituted for the 'mál' hitherto paid in kind

Twelve estates of Chaudharis were recognized as Zamíndáris, and almost nominal rates were accepted as the permanent revenue at the Settlement<sup>1</sup>. Seven other estates, claimed as revenue free, were found doubtful or invalid as to title, but were afterwards admitted to a permanent Settlement. Thus old Goálpáia consists of nineteen estates permanently settled, to which must be added a few holdings temporarily settled

In 1866 the Eastern Dwárs, between the northern estates just mentioned and the Bhútan hills, were annexed. The Dwáris are five in number, named Gumá, Rápun, Chuang, Sídh, and Bijní. In the two last, Rájás possess rights as Zamíndáris, though at present the estates are held 'direct' (or *khás*), owing to the refusal of the Rájás to engage for the revenue. In the others the Settlement is *raiyatwáris*, as

<sup>1</sup> It is in fact doubtful whether this assessment was ever formally accepted as the permanent revenue, but 'these estates have uniformly

been treated as covered by the permanent Settlement of Bengal (*Administration Report*, § 77)

in Assam Proper, only that these assessment rates are lower, the cultivation being extremely fluctuating in character

### § 2 *The Law and Administration*

As regards the administration and law of Goálpára, it should be noted that when Assam was annexed in 1826, the nineteen estates and the few holdings just alluded to were placed under the Commissioner of Assam. After the Dwáís were annexed, the district so extended was (in 1867) placed under the then newly-formed Bengal Division of Kúch Bihái. When the Regulation X of 1822 was replaced by Act XXII of 1869, and Act XVI of 1869 was passed for the regulation of the Dwáís, certain changes were made in the jurisdiction as regards Civil and Criminal Courts, but the general control remained under the (Bengal) Kúch Bihár Division till 1874, when the province of Assam was formed, in its present shape.

As regards the law in force, Act XXII of 1869 was repealed when the Scheduled Districts Act of 1874 came into force, and the general laws in force are regulated under that Act, and under the Local Laws Extent Act (XV) of the same year. Act XVI of 1869 still applies to the Eastern Dwáís. None of the Regulations of the Bengal Code are in force. The Revenue Law is Regulation I of 1886. The old Bengal Rent Law, Act X of 1859, has been decided to be in force in Goálpára but not in the rest of Assam<sup>1</sup>

### § 3 *Land Tenure of Goálpára*

There is little that calls for special notice under this head. In the raiyatwái portions the tenure is as in Assam. In the Zamíndáí estates, the Zamíndárs copy the Assam system as regards their tenants, except that they measure the occupied land more rarely, and the tenant reaps the benefit of his extension of cultivation meanwhile. Waste land is abundant, and is assessed at uniform rates, a little lower than those of Assam.

<sup>1</sup> See Full Bench decision reported in *Indian Law Reports*, Calcutta Series, vol. ix. p. 330.

## SECTION II—CACHAR

§ I *Origin and Constitution of the District*

The district is part of the old Káchái kingdom, various monuments of which may still be seen at the ruined capital at Dhimapur on the Dhansu River, beyond the Káchár Hills. This capital was deserted in the first half of the eighteenth century for another place in the plains, and the Rájá became a Hindu, and of course a Rájput with a genealogy from some hero of the Mahábháratá. In the early part of the present century, the Government had fallen into decline, the Burmese, who by that time were in Assam, and had overrun Manipur, threatened Cachar, but the British power came to the rescue, drove out the Burmese (just before the first Burmese war of 1824) and restored the Rájá who agreed to pay a moderate tribute. He was, however, assassinated in 1830, and leaving no heir of any kind, the district lapsed to the British Government as suzerain. It was annexed by proclamation on the 14th of August, 1832<sup>1</sup>.

An Act, No VI of 1835, was passed for to provide for the administration of the District, just as Act II of 1835 was for Assam Proper. But no rules were ever drawn up. A 'Superintendent' was appointed, with instructions to follow 'the spirit of the Regulations' in his management<sup>2</sup>.

At the present day, the ordinary Civil and Criminal laws are in force as much as in the other regular districts of Assam. But a part of the district is managed on a separate system. This consists of the Káchái Hills to the north of the district, and naturally separated by the lofty Baráíl Range. Mention of these hills and their management is more conveniently made in the section on the 'Assam Range' of Hills. The hills to the south of the district (where there is a large area of State forest) are separated from the plains district by

<sup>1</sup> Vide *Settlement Report and Review*<sup>2</sup> The Superintendent was at first under the Commissioner of Assam,

but was afterwards placed under the supervision of the Commissioner of Dacca

an 'inner line' under Regulation V of 1873. There are certain peculiarities in the revenue system of Cachar

## § 2 *Land Tenures*

The tenure of land, where it is not on the special terms of a *modern* or *recent* 'Waste land grant,' is called by the same name as in Sylhet, viz *muásdáí*, and here it exhibits a feature which the reader will remember to have met with in other parts of India. This feature, which survives only in Cachar, was probably common, in ancient times, throughout Assam. I refer to bodies of cultivators—of the same or different castes, going to a jungle country and founding villages on some form of joint-tenure, the whole being together liable for the revenue due to the Government.

In Cachar such bodies were often mere associations or partnerships,—sometimes Muhammadans, Hindus, and Hill-men, together people, in short, with no other tie than this, that they joined in cultivating one place, and that they held under one lease. Such joint bodies exist both in old settled '*maháls*' and in *old* grants known as '*jangalbúí*,' given out to encourage reclamation of waste on progressive assessments.

The Revenue-Settlement is temporary—the last (concluded in 1882-3) is for fifteen years. The land-groups are still jointly responsible to Government for their revenue<sup>1</sup>

<sup>1</sup> Cultivation in Cachar is carried on under some difficulties. The district is abundantly watered by the Surma or Barak river and its affluents. Winding about in all directions, the stream affords water carriage from all parts. There are low ranges of hills here and there, and occasional sandy '*tíla*' or hillocks. These hills are either forest-clad or have been made into tea-gardens. The district is surrounded by hills, on the north by the great Baniul Range, on the east by the Manipuri hills, and on the south by the Lushai country. It is free

from the lasting and deep inundations that affect Sylhet. On the other hand, temporary floods are injurious. 'The difficulty,' writes the Settlement officer, 'is, that the (rice) crops cannot be sown when the fields are under water, or when sown they are destroyed by excess of water (in the rainy season); while in Sylhet, the (rice) crops sown before the rains set in, grow as the water rises, and stand above the water as long as the inundation lasts.'

Tea-gardens form an important item, as we find that out of 213,318

It is interesting to note that though these settlers would certainly be regarded as owners in some sense, the Kácháí Rájás assumed that 'the right of property in the soil existed in the ruler alone' (*Settlement Report*, 1884, § 13). But the holdings even then were heritable, and transfer was practised 'on sufferance'. The revenue was at first paid by labour and giving produce, as under the Ahom rulers in Assam proper.

### § 3 *The Right in Land*

The 'joint-system,' however, deserves a little more detailed notice. In a jungle-covered country it was but natural that the settlers should have formed companies for mutual society, help, and protection. The individual settlers were called *mirásdás*, the universal name for a colonist or conqueror who clears the land and first settles, thereby (in the popular feeling) acquiring a strong right, heritable at any rate, and permanent, to his cultivation. It is to be remembered, however, that the Kácháí ruler's right was that of a conqueror, and that wherever the *mirásdás*s settled, they did so on the understanding that their rights were no greater than what the ruler recognized, indeed, the right acquired in former days can have been but limited, for in 1881 the Chief Commissioner wrote —

'The tenure (of the *mirásdás*s) is not of great antiquity, but has grown up under our regime, almost the whole district having been uncultivated when we took possession of it in 1830. Rightly or wrongly, it has been consistently held from the first, that they had no rights except such as Government, the sole landlord, chose to confer on its lessees, or such as it allowed to grow up and neither explicitly nor implicitly has any sanction been given to the notion that they could hold the land on any other terms except those of paying the revenue which Government may choose to demand.'

The right in land, when it does not depend on the ex-

permanently cultivated acres 147,000 cotton, and chillies are sparingly  
are rice and nearly 49,000 tea grown, and mustard during the  
(in round numbers), sugar-cane, cold season



press terms of a lease or grant, is now defined and governed by Regulation I of 1886

### § 5 *The Khel*

The *mirásidái* companies were called 'khel'<sup>1</sup> 'In the khel each *mirásdár* got as much land as he could cultivate In every khel the leading men got various titles, and were rewarded with certain revenue-free holdings thus the *chaudharí* or head of the khel got two 'hals'<sup>2</sup> of land free, the *mazúmdái* (or *majúmdái*, a corruption of *majmú'adái*)  $1\frac{1}{2}$ , the *lashkarí*  $1\frac{1}{4}$ , the *barábhúyá*, and a *májharí-bhúyá* six *khayás*

The free holdings were afterwards abolished, and the titles became a source of revenue, as they were sold,—a *chaudharí's* title fetching R 100, and so on

Each khel had an agent or representative (*mukhtár*) A number of khels formed a *Ráj*, or *Rájya*<sup>3</sup>, and the *Ráj* had also its representative at court, called '*Rájmukhtár*'

The khels were held jointly responsible for the revenue of every holding in their local limits, if a *mirásdái* failed to pay, the other members paid up and took his holding, if the khel failed to pay, the whole larger group or *Ráj*, became responsible, and took the land of the defaulting khel No outsiders were admitted

Under the system of the *Kácharí Rájás*, just as in Assam proper under the Ahom rulers, the settlers had to supply service to the *Rájá*, the inhabitants of a certain place had to supply betel-nuts, others firewood, and so on, and the group that supplied the particular article was also designated 'khel'

In the same way the revenue receipts of the district were apportioned among the different members of the royal family, and the group of holdings the revenue of which was assigned was also called 'khel', thus there were the 'khel-

<sup>1</sup> Which I suppose to be the Perso Arabic term '*khel*'—a company or tribe—a term introduced as it has been elsewhere

<sup>2</sup> The local *Kácharí* land measure or *hal* is equal to 4.82 British acres,

the *khayar* is 2.5ths of an acre

<sup>3</sup> The term *Ráj* is still a common Assamese name for any body of rayats gathered for a common purpose

má' or baia-khel, the entire revenue of which went to the Rájá, the Maháráni's khel, one-fourth of which went to the Rájá's chief wife, and three-fourths to the Rájá, the 'shang-jáiái,' or younger brother's khel, and so on. If the revenues of a tract were devoted to religious purposes, that was again 'khel', thus there were the 'Bhisingsa khel,' devoted to the support of the worship of Káli, the Bishnughai khel, to that of Lakshmí-Narayan. These lands are still known, and now form 'mauzas'<sup>1</sup>

#### § 4 *The Land-Revenue Settlement*

Passing over the earlier revenue arrangements, the first important step was the survey of the district made under Lieutenant Thuillier in 1841. The survey only extended to the cultivated fields and so much of the waste as seemed likely to be cultivated was surveyed and divided into numbered *dágs* or plots, the intention being that as cultivation extended, these plots should afford the means of determining its site and serve as a basis for a detailed map. But the plan led to some confusion when the jungle *dágs* began to be taken up and cultivated.

A Settlement was made in 1843-44 on the basis of this survey. It was followed by a Settlement in 1859 for twenty years. On the expiry of this in 1879, the Settlement completed in 1883 was made. 'The (cultivated) land was divided into two classes called "awwal" and "duam" (first and second) respectively, and within these classes it was rated according to situation, distance from navigable rivers, and exposure to the ravages of wild beasts, in four grades.' The rates imposed *per* 'hal' (or kulba)<sup>2</sup> were —

	Awwal	Duam
1st grade	3 8 per hal	3 0 per hal
2nd "	3 0 "	2-8 "
3rd "	2-8 "	2 0 "
4th "	2 0 "	1 8 "

<sup>1</sup> McWilliam's Report, §§ 33, 34.

<sup>2</sup> The 'hal' = 4 82 acres. For the principle adopted in the survey which was professional, aided by

amins under a Deputy Collector for interior details, see *Administration Report*, 1882-83, paragraph 183.

This Settlement applied to the ordinary district cultivated lands, as well as to certain reclamation-leases given in former days, the latest of which terminated in 1879 (*Settlement Report*, § 22). There is a large area (technically the *jāngal-būī mahāls*) held on leases under the waste land rules of 1864 and 1875-6, the thirty years' terms of which have not expired, and which are not yet liable to Settlement. So also there were some grants made for ninety-nine years under the oldest of the waste land rules, and some 'fee-simple' estates either commuted under the old system or bought as such when the rules allowed it. These are, of course, not included in the Settlement.

### § 5 *Revenue System and Procedure*

The remarkable feature about the Cachar revenue is, as above noted, the survival of the joint responsibility. The old *khel* groups have, in the course of years, naturally been much altered by resignations of holdings, by additions, and so forth, but in some long-settled tracts the old *khel* group is still recognized. The land being held under the Assam principle of *raiyatī* holdings under a 'patta' issued by Government, in Cachar, each 'mahāl' is held under one *pattā*. The mahāl is thus a tract held by a body of persons who are joint in interest, and this joint interest arises out of the old *khel* grouping. But the *khel* organization has been otherwise lost, since there is no system of *mukhtāis* and representatives of the community with the authorities, as in old days. The number of co-sharers and signatories is often as large as eighty or a hundred. All the sharers or *mirásdāis* are jointly liable for the revenue of the mahāl specified in the patta. The sharers in the mahāl are at present left entirely to themselves as to the apportionment of the revenue responsibility over individual holdings, but in the present Settlement a record-of-rights has been made<sup>1</sup>

<sup>1</sup> As everywhere else, the joint responsibility is disintegrating, by the effect of partitions which convert the holdings into severalties.

Perfect partition is not yet re-

cognized, i.e. the power of partition which not only enables the holdings to be separately defined and enjoyed, but also the joint liability to be dissolved. Where, however, the

A discussion of the difficulties which arose in doing this will be found in the *Settlement Report*, §§ 57, 58, and also § 93. A complete register was not attempted; but in the field lists or 'Chitthá' mention was made of every field and its subdivision by means of letters, and the name of every occupant is shown.

The person settled with has the landholder's right and a right to a re-settlement at the close of the term.

### § 8 *The Custom of Ghasáwat*

A good deal of discussion has taken place about the custom called 'ghasáwat'. The practice under the old Káchárá Ráj I have already described, if a man failed to pay the revenue due on his holding, the other sharers in the khel took up the land absolutely. This rule was early modified (in 1833), and it was held that, on default, the estate might be given to any one, but that two years' grace should be allowed during which the miásdái might obtain re-entry on paying up the revenue. But this was found not to work, and the 'ghasáwatdái' (as the temporary holder was termed) was again declared immovable. In 1857 the question was again raised, and a long correspondence ensued. It was ultimately decided that on an estate falling into arrear, and an offer being made under the ghasáwat rule, the land should be put up to auction<sup>1</sup> and the title become absolute.

### § 9 *Pie-emption*

As there is joint responsibility, the right of pie-emption has been held to exist both among Hindus and Musalmans. In fact, pie-emption in this case is not a peculiar right

revenue is slight, the joint responsibility is a very shadowy thing as it is so rarely enforced.

I may note that this Settlement first introduced the very obvious rule (universally adopted elsewhere), viz. that when the assessment was made and a *patta* issued to the person who was to hold the Settlement, the holder was not bound to attend and sign an acceptance or *kabuliyat*. The old

rule was that if he did not, his name was struck out of the list of *patta* holders. Now it has been determined, on the contrary, that his acceptance will be presumed unless he attends and formally refuses (*S R* § 77<sup>1</sup>).

<sup>1</sup> Despatch of Secretary of State, No 30, dated 22nd January, 1860. Bengal Government, to Board of Revenue No 2158, dated 22nd August, 1860.

derived from Muhammadan law, but is a purely customary or natural right, which exists in all joint communities,—in Upper India for example, and is important to the joint body, as enabling it to keep together and resist the breaking up which would result from the intrusion of strangers

### § 9 *Revenue-free Grants*

There are a number of revenue-free grants, dating from the time of the native Rájás of Káchái, who made them for reward of service and for religious uses. They are locally called '*bakhshá*' lands. They are inalienable, so that if the grantee transfers, the grant is resumed and the land is liable to assessment

### § 10 *Revenue Collection and Law*

In Cachar the Bengal Sale laws were never in force. The revenue collection of Cachar is not quite on the same plan—though under the same general law—as other parts of Assam

The '*Cachar Tahsíl Rules*'<sup>1</sup> in principle resemble those of the Jaintyá and Patábgairh tahsils of Sylhet. The revenue-payer has to take his money with a *chálán* or invoice to the tahsíl, at which sit a number of *muharrirs* (or clerks), over each of whom is placed a placard showing which '*pargana*' he receives for. The *muharrir* examines, and if correct, signs, the '*cháláns*', payment is then made (at the Tahsíl Office) to the *pótdái* or cashier, who returns the duplicate *chálán*, which becomes the payer's receipt or voucher. A single *chálán* is allowed to contain entries for more than one '*mahál*' or jointly-liable body, provided they are in the same *pargana*.

The district is divided into three collecting circles or tahsils. Instalments of revenue fall due in the months of August, November, and March. On the first of the month succeeding that in which an instalment falls due, a notice

<sup>1</sup> *Volume of Circulars*, p. 185, as altered by letter to Deputy Commissioner, Cachar, No. 199, dated 26th January, 1886. The rules derive their authority from Chapter V of the Regulation I of 1886.

or 'dastak' is issued to the defaulter<sup>1</sup> If this fails, a second is issued carrying with it attachment of moveable property This is generally sufficient, if not, the property is sold, and if that fails, a third process is issued against the estate itself, and the estate is sold by the Deputy Commissioner The Registers to be maintained at the Tahsils are special in form according to the different classes of estates,—joint maháls, jangalbúi leases with progressive revenue assessment, waste land grants, and so forth<sup>2</sup>

It will be observed that in the permanently settled estates it is not *necessary* that any process should be resorted to before sale In non-permanently settled estates sale can only be ordered if the District Officer is satisfied that the minor processes are insufficient The Regulation (as amended) may be consulted as to sale procedure, it being remarked that the alterations introduced in 1889, were intended to meet the difficulty, occurring in Sylhet, and perhaps elsewhere, of the immense number of petty estates and the difficulty of effecting a personal service of notice of sale on the actual owner There are special 'Rules' issued under the Regulation II of 1889, which must be referred to

Sec 70,  
Reg I of  
1886 as  
amended  
in 1889

### § II *Partition*

Batwáia or partition cases are, as may be expected, common in Cachar It should be noted, however, that these divisions are, what in technical language called, imperfect, that is, while they define the several enjoyments, they do not dissolve the joint liability of the mahál or estate I do not, however, understand that the severance of the joint responsibility is impossible

<sup>1</sup> As the maháls are joint, a very large number of these dastaks has sometimes to issue, so that *all sharers* may have notice, and this may give rise to the impression that the revenue is got in with

difficulty, and only by a copious use of coercive processes this is not the case

<sup>2</sup> Vide Section III of the Rules, Notification No 31, dated 25th June, 1886

§ 12 *Rent Cases*

Rent cases were formerly decided in the spirit of Act X of 1859, though that Act was not formally in force in Cachar, and when, in 1869, Bengal Act VIII repealed Act X, and made over rent cases to the Civil Courts, it became the rule in Cachar to hear rent cases in the Civil Court also

§ 13 *Waste Land Rules*

I have already given some particulars about the waste lands held under leases. It may here be noted that these waste land leasing rules refer to large areas of waste suitable for tea and special cultivation, and not to every patch of jungle land that lies amidst the ordinary cultivation. As an instance of the latter, it should be noted in passing that waste covered with thatch grass and reeds for matting is valuable, and there is an export trade for these articles<sup>1</sup>, and it is often retained (under assessment) for the sake of these products, as if it were cultivated land. The Cachar Waste land Rules have varied from period to period, those of 1876 (now in force) provide for an application being submitted, and for the survey and demarcation of the land. Notice is issued in case of any contrary claim or objection. The rules<sup>2</sup> provide for cases where the land was already under unauthorized cultivation, or is contiguous to another cultivated holding, which may equitably have a prior claim.

The assessment payable has also been recently the subject of orders. The rate of assessment was a progressive one, so that land taken up under earlier rules in 1864, 1865, and 1869, would now be paying somewhat excessive rates. Arrangements are now allowed whereby the holder can relinquish and get a re-settlement at the rate of 12 annas an acre (R 3-10 per hal), thus equalizing the conditions of the older leases with those now issued. Under the present

<sup>1</sup> I believe that the excellent white matting for which Calcutta is celebrated is made of grass brought from all this part of the country as well as from Chittagong.

For the waste land rules, see *Volume of Assam Circulars*, p 162

<sup>2</sup> See *Volume of Circulars*, p 158, et seq

rules the grantee executes a lease and becomes an ordinary 'landholder' under the Regulation, paying a progressive assessment beginning with two years revenue-free and then 3 annas for four years, 6 annas for four years more, and then 12 annas an acre for twenty years in all

### SECTION III—SYLHET

#### § I *Origin and History*

This curious district called Silhat (Sihatta) is one of the old Bengal acquisitions of 1765. It may be described as forming, with Cachar, the valley or alluvial plain of the Surma or Barák river—a sluggish stream with but slight fall, so that the banks of the river, accumulated out of the silt brought down, form the highest and best cultivated and populous part of the county, and slope off into hollow tracts often deeply flooded and traversed by a net-work of streams. The surface (except towards Mymensingh) is, however, diversified by isolated hills called 'tilá,' which are in fact outliers of the system of the Tipra and Lushai hills to the south-east.

Sylhet had come under Todai Mall's famous assessment in the reign of Akbar. Under British rule it came under the permanent Settlement, but in a peculiar form. Unlike the other districts of Bengal, a measurement preceded the Settlement, and instead of always selecting the chaudhais as Zamindais of estates vaguely known by name and including vast tracts of waste, the collector of the day (Mr J Willis) settled only measured holdings with the actual occupants locally called mirásdars<sup>1</sup>. Consequently, all land not thus settled nor permanently settled by after-arrangements, is held on Temporary Settlement. The whole district is, in one aspect at any rate, 'rayatwái,' for the

<sup>1</sup> The Chaudhais of parganas managed, however, to secure fairly good estates for themselves and their Zamindais are among the few good-sized estates in Sylhet. The name *mirasdar* will indicate the

same original system of cultivation as survives in Cachar, but the joint organization of the mirásdars in 'Khel' and 'Rajyá,' has not survived in Sylhet.



land is held by the cultivators or holders without any middleman, only that in the case of the old settled land, the revenue of the holdings is not liable to any revision, while in the rest it is. To this district were added, in 1835, the Jaintyá parganas which were taken from the Rájá of Jaintyá in consequence of gross and repeated misconduct<sup>1</sup>. These were also temporarily settled.

Sylhet was added to Assam in 1874, and the Act XII of that year enables the necessary arrangements to be made for the exercise of powers by the Chief Commissioner. A notification under the Scheduled Districts Act<sup>2</sup>, declared various Acts and Regulations to be in force, and thus set at rest many questions. But the notification does not affect the force of any other Acts and Regulations that may be current owing to the former position of Sylhet as a Bengal district, it only puts an end to doubt as to enactments actually mentioned. The revenue law is now Regulation I of 1886 which repeals the older laws.

### § 2 *Constitution of Estates*

The result of the original Permanent Settlement was to constitute, besides the few large estates already spoken of in the note to p. 443, a vast number of small estates. Of 50,437 such estates, only 470 paid a revenue exceeding R. 100, and 20,996 estates paid under one rupee each!

### § 3 *Hám and Hál-ábádí Lands*

In 1802, under the orders of the Board of Revenue, the patwáris were instructed to report what lands at that time under cultivation (hál-ábádí) were liable to Settlement as not having already come under Mr Willis' Settlement. The Collector accordingly issued a proclamation calling for

<sup>1</sup> See *Administration Report*, 1882 3, Section 85.

<sup>2</sup> Notification No. 1152, dated October 3rd, 1879 (Government of India). Until 1874 Sylhet was like any other district of Bengal, but in that year it became a 'Scheduled district'. The Local Laws

Extent Act of 1874 declared certain laws not to be in force, and a number of others (as regards revenue matters with which we are concerned) has been repealed by Regulation I of 1886 as stated in the text.

claims to these lands, and these amounted, according to the reports, to some 350,000 acres. This, however, was still exclusive of a large area of wholly unoccupied waste, which no one pretended to claim. These lands came to be called 'ilám' (proclamation) lands.

The authorities offered leases of the *ilám* lands, about one-eighth was taken up and settled in 1804 on no express terms as to duration. Holders were, however, deterred from applying for leases, because some of the old Settlement-holders insisted that the *ilám* lands belonged to them. At length it was determined that they did *not* so belong, special terms were then allowed for the *ilám* lands, and the Settlements became permanent (as recognized in 1869).

The results of various Settlements in the *hál-ábádí* lands have been to create the following classes of lands, of which the Settlement *became also permanent* —

*Ilám dáimí*, only six estates, taken up on the original proclamation

- { *Hál-ábádí*, 467 estates, subsequently confirmed
- { *Khás hál-ábádí* (25 similar estates which reverted to Government, but were again permanently settled)

#### § 4 *Permanently-settled Estates classified*

It was not only the originally settled estates and those of the *hál-ábádí* class that have permanent Settlements, a few others fell in to Government and were permanently settled with the new holders as required by the law at the time.

Some estates claimed on invalid titles were also so settled under Regulation III of 1828, so that, taken altogether, there are—

- (1) *Dahsála* (or *Dahsana*) lands, 26,147 estates,—those of the original Permanent Settlement
- (2) *Dáimí*, resumed and settled under Reg. III of 1828, 23,480 estates
- (3) *Khás dáimí*, lapsed estates, again permanently settled, 451 in number
- (4) *Ilám dáimí*, as above explained, 6 in number

- (5) Hál-ábádí, 467 in number  
 { (6) Khás hál-ábádí, similar estates which lapsed or  
 { became 'khás' and were again settled; 25 in  
 number.

### § 5 *Temporarily-settled Lands*

By far the greater part of these are lands not under cultivation at the time of the original Settlement, though there were some others that were permanently settled but have lapsed, or been lost by failure to pay, and so forth. The reports now seem to use the term '*ilám*' generally for all land that is not permanently settled.

In 1869 a systematic re-survey and Settlement of *ilám* lands was begun, and a set of revised rules issued, with forms of *patta* or lease. Land that had been found waste at a previous survey in 1835, was put on the waste land register, and much of it has since been taken up by tea-planters and others.<sup>1</sup>

The temporarily-settled lands then are divided into two main classes (i) lands in which Settlement-holders are recognized as having what is a 'landholder's' title under the Regulation I of 1886, i.e. a *practically* proprietary right subject to payment of revenue, though they have no right to any allowance in case they refuse a Settlement, (ii) lands which are 'khás,' i.e. in which Government has not made over the holding to any 'landholder' on a Settlement for a term of years, but keeping the land itself, treats the cultivators as tenants under itself.

In the first class, are<sup>2</sup> —

- (1) Temporarily-settled *ilám* and hál-ábádí lands,
- (2) Land that had been reserved for the maintenance of patwáris who were abolished in 1833 (Nánkár patwáguí),

<sup>1</sup> Under the Settlement rules a certain area of waste, not exceeding one-fifth of the cultivated area, was allowed to each holding the rest was held at the disposal of Government. Petty estates paying not

more than one rupee may redeem it twenty years' purchase of the revenue. (See p 414, ante)

<sup>2</sup> See *Administration Report* for 1880-81, § 51, as regards the settlement of these estates.

- (3) Alluvial lands and silted-up lands, &c (chaibhait and bilbhait),
- (4) Izád, or 'excess' lands not included in the permanently-settled measurements, but not included in the proclamation as ílám,
- (5) Resumed revenue-free not permanently-settled, and
- (6) 'khás' or lands once permanently-settled, which have been bought in by Government at sales for arrears of revenue

In the second class are estates in the Karimganj Sub-division of Sylhet, being for the most part settled ílám estates which have broken down, lapsed, or fallen into arrears. The 'khás' management here is similar to that of the ordinary Assam system, the tenants are allowed fixed rates, and available holdings may be taken up by raiyats on application to the tahsildár.

### § 6 *Jaintiyá parganas temporarily-settled Estates*

These have also been temporarily settled. A new Settlement was begun in 1876 and was finished in 1882. The rights are just the same as in temporarily-settled estates in the east of Sylhet<sup>1</sup>, except that transfers other than those caused by inheritance, require the approval of the Deputy-Commissioner.<sup>2</sup>

'The existing Settlement of the seventeen Jaintiya parganas'<sup>3</sup> has unfortunately been the subject of a long correspondence,

<sup>1</sup> There is a curious case of an estate, or rather group of petty holdings, in Jaintiya which may be alluded to. Sylhet lime is famous, and the trade in it is large, it is obtained in the outer hills along the borders of the district. It seems that in former years a person named Inglis got a valuable grant of the right to work the limestone. Another person (Sweetlands), desiring to thwart him, immediately obtained a grant of all the waste plots in the Jaintiyá parganas, his object being to have the command of the growth of reeds which were

required to burn the lime. Inglis managed, however, to do without the reeds, or to get over the difficulty in some way, but there are still plots of ground over the parganas known as the 'Sweetlands mahal,' the land being afterwards sold in small lots.

<sup>2</sup> See *Administration Report*, 1881-82, § 63.

<sup>3</sup> See Government of India, No. 750 R, dated 1st November, 1884 (to Chief Commissioner). I have found in the *Settlement Report* mention of local measures of land which are curious —

which is scattered through several volumes of proceedings, &c. The former Settlement expired in 1877, and a new Settlement was made at a very considerable enhancement. This Settlement was not a success either as regards its records or the rates of assessment, hence a general reduction of assessments had to be made, and the Settlement so revised will last till 1894. The complete re-settlement of no less than 36,000 petty estates, of which these paiganas consist, will then have to be undertaken.

'A cadastral survey is spoken of for Sylhet and including these paiganas

'In the plains the homestead and garden is called *bhit* and here also account has to be taken of basins or depressions (often flooded by the network of streams which traverse the district) called "*haoi*." The paiganas close under the hills are extremely malarious and filled with dense jungle, as well as liable to flood from rain-swollen streams descending from the hills, while the crops suffer continually from the ravages of wild beasts. Other parts are fertile, and '*ek-fasl*,' and '*do-fasl*' (one crop and two crops) is a common distinction of the land. As in the rest of Sylhet, the best land is the cleared higher land on the slopes forming the banks of the *Suima* river. Here betel palms abound in the homestead, and are proverbially said to "*pay the revenue*"

'There will probably be difficulties with tenants in these paiganas, for it appears that the alleged occupants with whom the Settlements were made were in some cases not the persons really entitled.'

### § 7 *Revenue-free lakhnáj Estates.*

There are a large number of petty revenue-free holdings, '*debottar*, *brahmottar*,' to Hindu religious *pugáris* and to Muhammadans under the name of '*madadmá'ash*' and '*chirághí*,' &c. They call for no special notice.

The old standard used to be a *kahán* = 576 square feet, seven such measures make one *poa*, four of the *poas* go to a *khiyar*, and twelve *khiyars* to one '*hal*' or '*kulba*.'

In Jaintia, the *khiyar* is to the bigha as  $1\frac{1}{4}$  : 1. The measurement now adopted is the bigha (1600 square yards) divided into twenty '*dhar*,' and the *dhar* into twenty *kathás*.

§ 8 *The 'Khás' Estates*

These estates are lands that have become Government property and are not settled with any one, but Government deals with the cultivators as the tenants of the State, they are found in the Kanairghát tahsíl and in Partábgarh. The assessment, or rather rent-taking, is managed by rules prescribed in the Chief Commissioner's letter No 101 T, dated 17th January, 1885. In effect, the plan consists of a simple annual inspection, the result of which is a 'jamabandí,' or list of rent-rates which are sanctioned for the year only. I mention this chiefly in order to emphasize the distinction, noticeable here and in Bengal, that Government 'khás' management is *not* the same thing as ordinary raiyatwái management. In neither, it is true, is there any middleman, but in the one case there is a Settlement (even though it be an annual one only), with a legally-recognized 'occupant' or 'raiya', in the other there is a dealing between Government as landowner and its tenant properly so called.

§ 9 *Revenue Management*

The revenue-management of Sylhet, though generally governed by Regulation I of 1886, has some peculiar features maintained by the existing rules<sup>1</sup>. There are tahsíls in Sylhet, and the reader is aware that 'tahsíl' means a local revenue division of a district, under a Tahsíldái. In the Assam Valley the land is often grouped into 'mauzas,' under a mauzadár, directly under the district or subdivisional officer, the tahsíl system has only been partially introduced. In Sylhet, one system of management prevails in the head-quarters and subdivisional tahsíls, and another in the Jaintiyá tahsíls and in the Partábgarh tahsíl. As regards the first system, the *kheils* or maháls (aggregates of revenue-paying holdings) are grouped into 'circles' locally called 'zillah'<sup>2</sup>. Each zillah is represented

<sup>1</sup> See rules dated 29th April, 1887, and letter from Chief Commissioner, No 197, dated 26th January, 1886, and the recent rules under Reg II of 1889.

<sup>2</sup> Here another peculiar sense will

be noted, for just as the mauza of other parts means the single village, so zillah (zil'a) in other parts means a whole district, and not, as in Sylhet, a fiscal grouping of several mahals or revenue-paying estates.

at the tahsíl office by a 'zíládái,' assisted by clerks and writers. There is also an official called a 'pôtdái'<sup>1</sup>, who is a sort of cashier. One or more such 'zillahs' constitutes the jurisdiction of a tahsíl presided over by a tahsildái.

All revenue from the numerous small estates has to be paid in by means of a duplicate invoice or 'chálán,' handed to the zíládár in the first instance<sup>2</sup>. On that officer signing it as correct (and for this purpose he has his 'tauzí' or revenue-roll to refer to), the revenue-payer carries his money with the *chálán* to the Tahsildái. The pôtdár counts the money and examines the coins, &c., and makes an entry (if all is correct) in his day-book. A register of the cháláns is also kept up for each zillah. One of the copies of the chálán (signed) is returned to the payer and becomes his receipt or voucher. As the pôtdár and the zíládái and the tahsildái all keep books, one is a check on the other. Arrears of revenue are recovered as described under Chapter V of the Regulation and Rules made pursuant to the amnesty Regulation II of 1889. Sale of the estate *may* be ordered at once, in the case of permanently-settled estates.

The rules also prescribe a number of registers, the object of which is to keep the Tahsildár aware of the existence of all estates, whether permanently-settled, temporarily-settled, '*khás*,' under waste land rules, &c., and the revenue to be accounted for, as well as to know the various instalments (*qistbandí*) in which different revenue-payments fall due, and any arrears and balances that accrue.

In the two tahsíls of the Jaintyá parganas and in Par-tábgah, the 'pargana' or 'mauza' is spoken of instead of 'zillah', but, except for this difference of name, the procedure is very much the same.

Payment is made (as before) by cháláns, and each *mahál* pays by a joint chálán (made out in duplicate<sup>3</sup>).

<sup>1</sup> More correctly pôtdár—meaning literally a weigher and assayer of coins.

The zíládáis all sit at fixed places, with placards, so that every person may know which is the

zíládár of his zillah, to whom he must go.

<sup>3</sup> In all cases there are authorized 'chálán-writers,' who are entitled to a very small fee for making out the *chalan*.

There are some differences in the registers to be kept up, for which the rules must be consulted

In *Partábgarh* are the '*khás*' lands already spoken of, and in *Jaintyá* there are some house-tax-paying villages to be accounted for in appropriate forms. There is also a special form of making out and publishing a '*bákijái*,' or list of arrears, and of recovering the money

Rules  
23-5

§ 10 *Revenue Settlements (temporary and for Khás Lands)*

I have read a series of papers separately describing recent Settlement operations for the temporarily-settled lands of *Sylhet*. The correspondence relates to (1) the '*ilám*' lands, including all lands not permanently settled, and treated separately because settled under rules of 1876 and earlier years (spoken of as *ilám* rules), (2) to the '*jots*' or groups of land held '*khás*' (being lands on which Settlement had been refused by the holder, or which had been sold for arrears) in the *Partábgarh* tahsíl (see § 8, ante) and (3) for the '*miscellaneous estates*,' meaning those called *nánkái* *patwárgu*, *charbhart*, &c. There are some 2432 of these '*miscellaneous estates*,' only 23 being over 100 acres, and only 203 being over 10 acres. They are scattered over a tract measuring more than 4000 square miles.

The outside reader feels the greatest difficulty (and one which I am unable to remove) in understanding why all these temporarily-settled estates should not be put on the same footing and settled on the same principles, all distinctions being allowed to drop into oblivion. At present the Settlements fall in at different dates but that would very soon be equalized.

## SECTION IV — THE HILL DISTRICTS

### § 1 *The 'Inner Line'*

It will be observed, on a glance at the map, that the Assam districts are all of them more or less in contact with



hills<sup>1</sup>, inhabited by various tribes, more or less civilized or barbarous, on the north and north-east, as well as with the central hills of the Assam Range. On the south, too, Sylhet and Cachar are in contact with the hills of the Lushai country. Some of the tribes occupying the hills are independent, or in merely political relation with the Government, others are under British administration, but are not advanced enough to be under the same Civil, Criminal, and Revenue Laws as the older districts of the plains. It is, therefore, necessary (a) not only to provide a simple form of administration for such hill districts as are British, but also (b) in the case of the frontier and other hill tracts, to regulate the intercourse between the inhabitants of the plains and the hill tribes, whose country presents attractions in the shape of a trade in india-rubber and ivory. If landholding in these hills and the trade intercourse were not regulated, complications and quarrels would be sure to ensue. In 1873, therefore, by Regulation V (of that year), a law was made, the object of which was to enable an 'inner line' to be drawn between the hill tribes and their neighbours in the plains. The holding of land beyond this line by strangers, and the intercourse for trade purposes or collecting forest produce, is prohibited or regulated. The Regulation has ceased to apply to the Gáo hills<sup>2</sup>, and no inner line has been found necessary in the Khási hills, but it is still in force on the northern frontier and to the south of Cachar.

### § 2 *Law for the Government of the Hill Districts*

Besides this 'inner line' Regulation, the Regulation II of 1880, as extended by III of 1884, may be applied to all the hill districts directly under administration as British territory, it enables the boundaries of such districts in respect

<sup>1</sup> Of the 45,839 square miles of which Assam consists 17,698 are hilly country.

- Regulation I of 1882 for these hills now does all that is necessary for regulating the collection of timber, ivory, wax, india-rubber,

&c, by persons not being natives of the hills. Power is given to extend such regulation when necessary, to the case of the people resident within the hills themselves.

of the adjoining territory under the regular law, to be fixed, and it also enables the Chief Commissioner to declare that any enactment not suited to the place, shall not be in force <sup>1</sup>

The *frontier* hill-tracts, to the north and north-east, and at one point to the extreme south-east of the province, will not need further notice in these pages but some details regarding the hill districts of the 'Assam Range' may be suitably included

### § 3 *The Hills of the Central Range*

There is no regular land-revenue system in these hills. A house-tax is levied, and not land-revenue. But in the Gáio hills and a small corner of the Nágá hills, and in the Jaintyá hills, there are tracts where a land-revenue is taken. The house-tax is, in the Gáio, Jaintyá, and Nágá hills, and such of the Khásí villages as are British, collected and paid in by headmen, who, like the mauzadáis of the Assam Valley, are remunerated by a commission. These officers are called Lashkai and Lakma in the Gáio hills, 'Dolloi' (Dálái) and 'Sardái' in the Jaintyá and Khásí hills, and 'Lambardár' in the Nágá hills. These hill districts therefore, can only interest us, in this manual, from an administrative point of view, and a very brief account will be sufficient.

<sup>1</sup> Regulation II of 1880 originally applied to 'frontier' tracts, but the Gáio, Khásí and Jaintyá hills, and those of Mikir or Nowgong, are not 'frontier' tracts, they are in the midst of the province, accordingly Regulation III of 1884 extended the application. The Regulations have been applied to—

The Naga hills Notification, Foreign Department	988E	} 22nd April 1884
North Cachin hills Notification, Foreign Department	989E	
Dibrugarh frontier tracts Notification, Foreign Department	990E	

Khásí and Jaintya hills Notification, Foreign Department	2892	} 5th November 1884
Gáio hills Notification, Foreign Department	2892	
Nowgong (Mikir hills) Notification, Foreign Department	2936	} 12th November 1884

The list of enactments excluded, chiefly refers to the Stamp, Court-fees and Registration laws, and the Transfer of Property Act, 1882. The Civil or the Criminal Procedure Code, or both, are also excluded, and replaced by simpler rules for the procedure in administering justice. See *Administration Report* for 1884-85, paragraph 75 (p. 31).

§ 4 *Gáro Hills*

The Gáro hills—the first group in the range, beginning with its western extremity—have been already alluded to as surrounded on three sides by the estates of chaudharis who have become permanently-settled Zamindárs. The Gáros, as already stated, used to give great trouble by raiding beyond the limits of their hills. For some years after the grant of Bengal in 1765, the *status quo* was maintained unaltered. But in 1816 the state of affairs attracted attention. The Gáro hills were then made a separate district, the interests acquired by Zamindárs within the limits of the district having been compensated and extinguished.

A special commission was appointed, and Regulation X of 1822, already alluded to, legalized the arrangements made. But it was not till 1866 that an attempt was made to have an officer resident in the hills district during the healthier season of the year. In time the Regulation X of 1822 was superseded by Act XXII of 1869, under which simple rules were made for the general administration, a number of chiefs in the interior being left practically independent. This Act remained till the Scheduled Districts Act of 1874 was brought into force. In 1871, a murder in connection with survey operations resulted in measures the end of which was that the whole district was brought under administration, and Regulation V of 1873 was applied to regulate the intercourse of the people in the plains, who desire to collect timber, ivory, wax, and other forest produce. This Regulation is now superseded by Regulation I of 1882, and Regulation II of 1880 (as extended by III of 1884) settles the law to be enforced. The district is now traversed by excellent roads and is perfectly peaceable. Cultivation by ‘jum’ is practised, but valuable forests have been reserved as State forests.

The history of these hills, showing their transition, in the course of years, under suitable management, from being a nest of marauders to a peaceable territory, is instructive,

in all probability it is one that will repeat itself gradually in all those hills which once were really frontier districts, but are now hemmed in by British territory on both sides, since Burma was annexed

### § 5 *The Khasi Hills*

In this next group the country is not under British law, but under general political control, and is so peaceable that no 'inner line' is needed. When Assam was annexed in 1826, it became an object to have a communication with the valley through these hills, some opposition was offered to this, and attacks on the road-making party resulted in murders, which led to coercive expeditions. But in 1833 all the chiefs submitted.<sup>1</sup>

The greatest part of the hills consists of estates of the chiefs—they pay no tribute, but have resigned their mines, minerals, forests, elephants, and natural products, and receive half the profits from these sources. Justice is administered by the *darbárs*, or Courts of the States, but heinous offences, and those in which the subjects of other States are concerned, are dealt with by the British authorities. The people are extremely well-to-do, and make money by trade in the staples which the hills produce.<sup>2</sup>

A few villages acquired in 1833, or since ceded, are British—chiefly in the neighbourhood of Chuapúnjī, Mylhim, and Shillong. The lands around the station of Shillong were acquired from the chief or 'Seim' of Mylhim in 1863, by purchase.<sup>3</sup>

The cultivation is more elaborate than in some of the hill states, and in the hollows of the plateau rice is carefully grown on irrigated terraces.<sup>4</sup>

<sup>1</sup> The Khásis were known in former days as troublesome marauders, whose incursions had to be checked by a line of forts along the edge of Sylhet. A Regulation (I of 1799) still stands on the Statute book prohibiting the supply of arms and ammunition to the hill-men, and forbidding any one to pass over the Company's frontier

with arms in his hands

<sup>2</sup> *Adm. Rep.* 1882-83, § 93

<sup>3</sup> Aitchison's *Treaties*, vol. 1 pp 207-209. Shillong now forms the head-quarters of the Assam Administration.

<sup>4</sup> See *Statistical Account of Assam*, vol. II p 223, for an account of the process, and see *Administration Report*, 1882-83, § 30

### § 6 *Jaintya Hills*

These are British The Rájá, having been deprived of the parganas in the plains, as already stated (*vide* section on Sylhet), refused to keep the hill tracts, and they thus lapsed to Government in 1835 The subdivision was in charge of an assistant, stationed at Jawái The hills are divided into twenty-three petty districts, four of which are managed by 'Sardárs' or chiefs, and nineteen by headmen, called 'Dollois' (Dálái) They did not manage well, and outbreaks occurred in 1860 and 1862 Since the suppression of these, and the establishment of a British officer, and the reformation of the 'Dollois' management, there has been perfect peace The Regulation II of 1880 applies, and simple rules for the administration of justice are in force There are some ordinary plough-lands in this subdivision known as *ráy-háñ* lands, and these are assessed at a revenue of ten annas per bighá of 1600 square yards, payable on or before the 30th June<sup>1</sup>

### § 7. *North Cachar Hills*

It is convenient to include this portion of the British Cachar district in this notice, because it is administered separately The tract is separated from the plains by the great Baráil Range, and consists of hills of low elevation The district became British partly in 1839 and partly in 1854<sup>2</sup> After some changes, which it is not necessary to refer to, the station of the officer in charge of the subdivision was fixed at Gunjong.

### § 8 *Nágá Hills*

This tract, as separate from that to the east, indicated on the maps as 'Independent Nágá tribes,' is now British territory, and was so proclaimed in July, 1882 The *district* as it now exists was formed in 1886, partly out of the

<sup>1</sup> For details see Chief Commissioner's letter to the Deputy Commissioner, Khasi and Jaintya Hills,

No 3436, dated 11th August, 1886

<sup>2</sup> Under circumstances detailed at § 95 of the *Adm Rep*, 1882 83

North Cachar hills, and partly out of the Nágá hills. A great forest area called Nambor has been taken in charge as a State forest in the uninhabited valley of the Dhánsiri river. The administration is like that of the other hill districts that are British territory.

The history of the Nágá expeditions, their causes and consequences, may be read in the *Administration Report* for 1882-83 (§§ 96-99). Samaguting, the former headquarters of the officer in charge, was given up, and it is now at Kohima.

## CHAPTER IV

### REVENUE BUSINESS AND OFFICIALS (THE WHOLE PROVINCE)

#### SECTION I.—THE OFFICIAL STAFF

##### § 1 *The Chief Revenue Control*

THE Chief Commissioner is, under the Regulation, the 'chief controlling authority' in the Province, subject to the orders of the Governor-General in Council.

Reg I of 1886 sec 122

##### § 2 *The Commissioner and Deputy Commissioner*

Each district is presided over by a Deputy Commissioner, who is a 'Revenue Officer' (and so are his Assistants and Extra Assistants) under the Regulation

Sec 123

The districts of Assam Proper and Goalpara are united under the superintendence of a Commissioner (also a Revenue officer) But the districts of Sylhet and Cachar, and the Hill districts, are not under a separate Commissioner In them the Chief Commissioner of Assam is himself the Divisional Officer or Commissioner <sup>1</sup>

Ibid

##### § 3 *Subordinate Officers*

In each district there are or may be, *subdivisions* in charge of Assistant or Extra Assistant Commissioners The officer so in charge has by law certain powers specified, and may be invested with further powers of a Deputy Commissioner Under the Regulation (as already stated) the Commissioner, Deputy Commissioner, Assistant and Extra

Sec 126

<sup>1</sup> *Administration Report, 1882-3 Part II a, § 102-4*

Assistant Commissioners are the Revenue Officers, but the Chief Commissioner is 'empowered to appoint other revenue officers. Under this provision, for each district (except Goálpárá) an officer called a Sub-Deputy Collector has been appointed. He is employed mainly on supervision of the revenue establishments, on looking after Settlement survey operations, and the compilation of revenue records and returns.

#### § 4 *The Mauzadár*

In the Assam Valley, including the Eastern Dzáis (but excluding the permanently-settled estates of Goálpárá, where there are no district revenue establishments) the revenue is collected by 'mauzadáis,' unless where they have been superseded by the agency of tahsildárs.

The *mauzadár* is spoken of as a 'revenue contractor.' His functions in recording the lands in his mauza, and in measuring and assessing them by the aid of the 'mandals,' have already been described. The result of these measurement and assessment operations is to enable the mauzadái to submit to the district officer a statement showing the revenue. In the estates belonging to his mauza (technically spoken of as lands 'amalgamated' with the mauza) he is personally responsible for the revenue, and collects it. He is allowed a commission of 10 per cent on the total up to R 6000, and 5 per cent on any amount above that sum.

#### § 5 *The Tahsíl System*

In the Kámrup district tahsils are already constituted, and some in Dairang. The area of the tahsíl is larger than a 'mauza,' and the agency is better conducted, while it is less costly, as it is a regular Government paid agency in lieu of the contract responsibility which necessitates a rather high rate of commission being paid<sup>1</sup>.

The Tahsildár is graded with the Sub-deputy Collectors.

<sup>1</sup> In a letter to the Government of India (No 3532, dated 26th October, 1887) is enclosed an interesting memorandum by the Director of Land Records showing

the defects of the mauzadái system, the loss occasioned by errors in classification and measurement of lands under that system, and the advantages of the tahsíl system.



Under the same system, and indeed as a consequence of it, kánúngos have been introduced, on the North-Western Provinces' model, there being supervising kánúngos, for out-door inspection—to keep the 'mandals' up to their work, and a registral-kánúngo at head-quarters to keep up the records

The duties of Tahsildárs, Sub-deputy Collectors and Kánúngos are explained fully in the Rules for Mandals, Supervisor-Kánúngos, Tahsildárs, and Mauzadárs, Registral-Kánúngos, and Sub-Deputy Collectors issued with Circular No 31, dated 28th June, 1887. These apply to cadastrally-surveyed estates, which are naturally the parts of districts in which the 'improved' system is first developed<sup>1</sup>.

### 6 Powers of Revenue Officers

The powers of Revenue officers are so clearly explained in Chapter VII of the Regulation, that a reference to it is sufficient. It will be observed that where there is the intention to have a cadastral survey and Settlement, a Settlement officer and a Survey officer may be appointed. When the ordinary procedure is adopted, the Deputy Commissioner and subdivisional officers have the powers of a Settlement officer.

## SECTION II—LAND-REVENUE BUSINESS

### § 1 District Registration of Titles

Apart from the documents prepared at the annual or periodic Settlements, the Deputy Commissioner is bound to maintain—

- (1) a General Register of revenue-paying estates,
- (2) a General Register of revenue-free estates, and

<sup>1</sup> It will not be understood that Sub-Deputy Collectors are only concerned with cadastrally surveyed tracts, 'on the contrary his jurisdiction must be regarded as extending over all the *mauzas* of the sub-division to which he is appointed, whether brought under cadastral

survey or not' (Circular No 31). Indeed, the less perfect the system the greater is the need for the check of the measurements and records, simple as they are, which the *mandals* and *mauzadars* are responsible for.

(3) any other Registers which the Chief Commissioner may direct

Every 'proprietor' or 'landholder,' who succeeds by inheritance or transfer, and joint holders, managers, and mortgagees, *are bound* within six months from the date of getting possession, to apply to be registered. And all persons already in possession when the Regulation came into force, *may* apply for registration.

For the procedure, and consequences of non-registration, reference may be made to the Regulation, and for the forms of Registers and other details, to the Rules.

## § 2 *Collection of Revenue*

This forms the subject of Chapter V of the Regulation, under which also Rules are issued relating to the collection of revenue and recovery of arrears<sup>1</sup>

The *general* rules fix the instalments, provide for the opening of separate accounts (where, in large holdings or permanently-settled estates, there are joint-owners), provide for the issue of 'notices of demand' after an arrear has accrued, regulate sales, and prescribe certain registers of sales and coercive action for recovery of arrears<sup>2</sup>

The rules 20-24 apply only where there are no tahsils, and where the old *mauzadár* system of collection is in force

The rules 26 and 27 apply to the tahsils in Cachar and Sylhet

The rules 34-37 apply to permanently-settled estates in Ib Goálpárá

There is nothing in these rules that calls for special remark, where they apply solely to the districts of Cachar, Sylhet, Jaintyá parganas, or Goálpárá, then effect has been noted in the sections devoted to these districts.

The Regulation provides generally, that joint-holders are

<sup>1</sup> The *general* rules are in Notification No 31, dated 25th June, 1886, which came into force from 1st July, 1886.

<sup>2</sup> In Assam the 'arrears' process

is technically spoken of as 'baki-jui', e.g. the 'baki-jui register' means a register of issue of processes against defaulters.

Reg I of 1886, sec 68

Rules 20-4

Ib 26, 27

Ib 34-37

liable jointly and severally (this will find special exemplification in Cachar, but may apply anywhere), and so where a tax is imposed on a 'family' or a 'house,' the tax is due from all males above eighteen years of age, jointly and severally,—who took any part in the cultivation of the land

Reg sec  
65

Section 65 provides for the opening of 'separate accounts' in the case of co-sharers in permanently-settled estates

The Regulation, it will be observed, does not leave payers of revenue to wait (as the Burma system does) till a notice or tax-ticket is served on them. They know the instalment dates and are bound to pay of their own accord (according to their lease or *patta* which leaves them in no doubt), and if they fail to pay by sunset (or the day being a Sunday or holiday, on the next day), they become *defaulters*

Reg I of  
1886, sec  
69  
Sec 70

On a defaulter, first, a notice of demand is served on the expiry of the time allowed by this notice, and not before, further proceedings may be taken. These are (1) sale of moveable property by order of the Deputy Commissioner, in the manner provided in the Civil Procedure Code, and excepting artisan's tools and agriculturists' necessary cattle and seed-grain, (2) sale of the defaulting estate under provisions<sup>1</sup>, (3) sale of immoveable property other than the defaulting estate. This may be in the district, if not, a 'certificate of demand' is issued, and the sale will be made by the Deputy Commissioner of the district in which the property is situate

Sec 90

In certain places to be notified by Chief Commissioner (and not being permanently-settled estates), the law provides for the annulment of Settlement (which extinguishes the arrears) when sale of moveables under Section 69 is not sufficient

### § 3 *Partition*

The provisions of Chapter VI are general, i.e. for all Assam districts

<sup>1</sup> An estate sold has a title free of encumbrances, except certain 'tenures' specified, and existing on

the estate at time of sale. See secs 70-77 of the Regulation of 1886 as amended by Reg II of 1889

There is the usual Indian distinction between 'perfect' and 'imperfect' partition. The latter (everywhere) implies that each share gets his several interest declared or demarcated on the ground, as the case may be, for separate enjoyment *without* dissolving any joint liability to the Government for the revenue on the whole estate. The former implies that the joint liability is also dissolved. Any one in actual possession (whether it is a permanently or temporarily-settled estate), may apply for either partition provided that a separately liable estate—liable for less than R 5, cannot be created—that is the limit to perfect partition.

The details of the Regulation do not require comment.

There may be, under Section 120, the reverse process, Sec 120 that is to say, a union of two or more estates held by recorded landholders or proprietors.

#### § 4 *Procedure*

The eighth Chapter of the Regulation fixes the place at which Revenue-officers may hold their Court, within the Division (of a Commissioner) or within the district, as the case may be. Power is given to summon any one to give evidence for the purpose of any investigation or other business conducted under the Regulation. Power is given to refer disputes to arbitration by consent of the parties. Appeals are provided for, except in certain cases in which the orders originally passed are final. An order appealed Reg I of 1886, sec 147 against may be suspended pending the result of the appeal, and there is a general power of revision independent of Sec 150 appeal. The jurisdiction of the Civil Court is excluded in Sec 151 a number of matters which pertain to revenue administration, and in which it is desirable that the revenue authorities should have exclusive jurisdiction. Sec 154

The Regulation closes with provisions for the making of rules and imposing of penalties for breach of them. It is provided that at least once in three years, all the rules in force under the Regulation, and arranged in convenient order, shall be republished in the *Gazette*.

### § 5 *The Department of Land Records and Agriculture*

The present Department of Land Records and Agriculture was created in May, 1882, under the title of Department of Agriculture. In January, 1887, the name was changed to that now borne. The object of the Department was declared by the Government of India to be threefold—

- (a) the supervision of the annual Settlements of the Assam Valley Districts,
- (b) the securing of uniformity in the compilation of the village papers,
- (c) the investigation of the economic circumstances of the Province<sup>1</sup>

Shortly after the creation of the Department, a cadastral survey party was sent into the Province, and the task of supervising the Settlement operations that accompany a field-to-field survey, was entrusted to the Director. The cadastral party is steadily moving eastwards along the Assam Valley, it has completed the survey of 1,721 41 square miles in the two districts of Kámrúp and Darrang. The supervision of the maps and records thus produced is amongst the most important of the duties at present performed by the Department.

<sup>1</sup> In addition to keeping the above objects before him, the Director has in his hands the manipulation of all the trade statistics of the Province, and issues annual

reports on the traffic carried on with the border tribes and on that borne by the Brahmaputra and Surma rivers to Bengal.

## PART V — COORG

### CHAPTER I    GENERAL HISTORY

#### „    II    THE LAND-TENURES

#### „    III    THE LAND-REVENUE ADMINISTRATION

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## CHAPTER I.

### GENERAL HISTORY

#### § 1 *Early History*

THIS little province, some 1583 square miles in extent, has a considerable interest, from the point of view of the student of land-tenures, because it affords another, and in some respects a peculiar, example of the results of conquest by a tribe which first established its system of rule by separate estates or unions of lands, over each of which a chief or head of a clan or other division presided. But in time these separate tribal or clan chiefships fell under the power of a Rájá or overlord, and then the 'Hindu' system of administration was followed. Lastly, Coorg was conquered by the Muhammadan Sultáns of Mysore. This historical condition of things has left its mark on the land-tenures. The history will prove specially instructive in connection with that of the neighbouring district of Malabár (page 151, ante), and the curious fallacy about there having been (exceptionally) no land-revenue in the country. Probably very similar stages were gone through in Coorg. The Haléti Rájás, when they gained the supreme power, adopted the usual Hindu form, took the central domain

under their own control, and left the outland to be managed by the (now subordinate) chief. The chief collected revenue within his own domain (as was usual with the Southern kingdoms) he made a regular revenue-payment, and also had a special allowance for his 'land'—the whole produce of which, raised and stored, was sent to the royal granary. In the outland the chiefs received the revenue, the Rájá took from them beyond certain customary dues and taxes. Probably minor landholders of the superior class were important enough to rule territories or hereditary lands were allowed to hold land with the privilege of exemption at a lower rate of revenue than others. Following the example of Mysore, the king levied his land-revenue from *all* lands and estates. He expressly favoured some of his chiefs by giving them grants. In still later years, we find that land-revenue a matter of settled custom, and a system of assessment well known.

Colonel Wilks in his *History of Mysore* says that the Coorgs<sup>1</sup> are descended from the conquerors of the Kadamba kings, dating about the sixth century. The Kadamba kingdom, in the north-western part of the peninsula, appears to have embraced all the countries between the Western Ghats and the Western Ghats. It was the Kadamba race that afterwards became the Vijayanagar sovereignty, and at the end of the sixteenth century Coorg was still ruled by its own chiefs, mentioned by Ferishta, though by that time the country had been divided into chiefships, into which the whole country was divided. The chiefs acknowledged the suzerainty of Vijayanagar.

The chiefs were called or entitled Náya, which probably happens to be identified with the 'Náik' of the territories of Southern India. In caste they were of a proud military order, probably of Dravidian origin. It seems possible that they may

<sup>1</sup> Coorg is an Anglicised form of Kodagu, the Coorg name proper being Kodagis. A long story about this—present subject—Mr. Rice's *Geography of Coorg* (Bangalore, 1878), vol. iii.

nected with—at any rate they resembled closely—the Náyak of Canara and the Náyaí of Malabár. The earliest form of government established in Coorg was, as I have stated, that of several tribal chiefships. It is matter of tradition—but tradition that is confirmed by all we know of early Dravidian institutions—that the country was formed into twelve ‘kombu,’ or ‘districts<sup>1</sup>,’ each under a ‘Náyaka.’ Things went on for some time in this way, till certain of the Haléru pálegárs (it is supposed, from the neighbouring and already established kingdom of Ikkéri or Badnú) found their way into Coorg. Whatever the truth may be, the Haléru Rájás who succeeded in intruding were not Kodagas, but aliens, and of the Lingayat sect. They obtained the overlordship and gradually destroyed the original organization. In time, the descendants of the Kodaga Náyaks, ceasing to be rulers of small territories, descended to the position of landholders, asserting—as usual—a strong proprietary and hereditary right, and being conciliated by a privilege of paying only half-revenue rates to the *de facto* sovereign.

After various fortunes, among which war and slaughter were the most common, and after being overrun by Haidar ‘Alí and Tipú Sultán’s armies, the Coorg state became the ally of the East India Company. Things seemed to promise well up to about 1811 when a chief, named Linga Rájá, obtained the government, having originally been appointed the guardian of the minor heiress of the former Rájá. After a reign of untold wickedness and cruelty he died in 1820, and was succeeded by his son Vía Rájá, who was, if possible, worse than his father. In 1833 these iniquities compelled the interference of the British Government, but

<sup>1</sup> Wherever we have any trace of the ancient Dravidian and also Kolúran tribal rule, we have the same thing: the Kolúrans never reached any further stage. The Dravidian races very early had a centralized government, probably from the time of their amalgamation with the Aryan immigrants.

The ‘kombu’ of Coorg was the ‘nad’ of Malabar and Mysore, and the ‘páruha’ of Chutiyá Nagpur,—a union or group of a number of villages or other family settlements, under one chief, who sat in council with the other chiefs, when affairs concerning the whole country required it.



all peaceful means having failed, it was at last necessary to send a force. The country was reduced and formally annexed by proclamation in May 1834.

### § 2 *Present Administration*

Cooig is directly administered by a Commissioner, who is also District (Civil) and Sessions Judge. He is subordinate to a Chief Commissioner, who resides at Bangalore. The Resident for the Native State of Mysore is *ex-officio* the Chief Commissioner.

Cooig is a scheduled district under Act XIV of 1874, and is subject to the 33 Vic. cap. 3.

The civil and criminal courts were regulated by Act XXV of 1868. But this Act is now repealed. Civil jurisdiction is provided for by Regulation (33 Vic. cap. 3) No II of 1881, amended by Regulation No I of 1885. Criminal jurisdiction is under the Criminal Procedure Code.

The province is divided into six taluks comprising twenty-four náds. The 'nád' consists of a group of grámas, or hamlets there being no 'villages'. The land-grouping resembles that of Kánaia and Malabái, consisting of detached family holdings, farms, or 'waigás,' with houses on them. The term 'waigá' has the same origin and meaning as in Kánaia (see page 147, ante).

Each taluk is in charge of a 'Súbadái' (or Subedái according to the local spelling). Each nád<sup>1</sup> has a headman called 'paipattegái,' who in several cases exercises both civil and criminal jurisdiction.

There are also in each nád two or three leading men known as 'Takká,' representing the old resident families<sup>2</sup>.

<sup>1</sup> In Yelusaíra shimé and part of Nanjupatna the 'nád' is replaced by the Mysore (official) grouping of the 'hobali'. This term also and the Persian 'Subadai,' no relics of the Mysore occupation.

<sup>2</sup> And they held certain lands in virtue of their headship, i. e. like the 'watan' of other parts, and once more suggesting the old Dravidian organization.

## CHAPTER II

### THE LAND-TENURES

#### § 1 *Local Features*

in Malabár, where we have noticed a traditional division of land between the priestly and the military classes, is a tradition that Coorg was divided between the Coorgs and their hereditary priesthood, the Ammá-  
After the accession of the Halei Rájás, the Ammá-classes, as I said, though ceasing to be rulers, yet continued to hold land on a more favourable tenure than

At the census of 1871 it would appear that about 75 per cent only of the population were Coorgs and 76 per cent Hindus, the small remainder being Muhammadans. To the privileged tenure of the Coorgs a few Brahmins have been from time to time admitted.<sup>1</sup> In the lower castes, a class of priedial slaves formerly perhaps representing the conquered aboriginal inhabitants, they cultivated the lands held by the Coorg

lies along the summit of the Gháts, and it is in the 'inner' or 'inside the barrier' that the true Kodava lands have their lands. 'Outside the barrier' is the country to the north-east, and a narrow strip below the Gháts on the east side, forming Yélu-sávu-a-shímé, and two-thirds of the Nanjarápatna taluk.

Generally in such a country there are narrow wet valleys

A full account will be found in Rice's *Gazetteer*, vol. III pp. 233

all filled with rice-fields, and there are woodlands on the slopes above, which may or may not be suitable to the cultivation of vegetables, plantains, oranges, or coffee. On these slopes are the 'báne' lands attached to holdings, which will presently be described. In the outer drier parts, it is quite possible to raise millet and other dry crops on the slopes.

## § 2 *The Jamma Tenure*

The Kodagas having, as I said, ceased to be a ruling class, clung to their land as landlords, with the privilege of paying to the supreme ruler only half the full revenue. This tenure is now called the 'jamma' tenure. The name is supposed to be derived from the Sanskrit 'janmam' = birth, just as was the case with the Malabár landlord-tenure. But this derivation seems to me doubtful, for the Sanskrit word janmam means simply 'birth,' but does not include any notion of 'birth-right' or 'inheritance.' I cannot help thinking it more likely that the term originated when the Mysore conquest had made Persian terms more familiar, and the name is perhaps some corruption of 'jamín,' i.e. zamín = land, or (possibly) of 'zimma' (that which is held in charge or trust), or even connected with the term jama' or assessment total. However this may be, the 'jamma' is now a proprietary tenure distinguished by paying only half the ordinary assessment, or R 5 per 100 battis of waste land<sup>1</sup>.

Land held on this tenure cannot be sold, mortgaged, or alienated in any way, without the sanction of Government. The reason of this is that the land cannot be held on this tenure except by the privileged classes. A sanad is granted for every holding, and a succession fee, 'nazarána kánike,' is paid on receiving the sanad, in three yearly instalments, also a fee called 'ghattí-jamma' on taking possession. This is no doubt a relic of the quasi-feudal tenure which was introduced when the Coorg chiefs had to submit to a

<sup>1</sup> The batti is a very small land measure, of which 100 are equal to three acres (or according to another

account, twenty five battis =  $\frac{1}{2}$  acre). See *Administration Report*, 1872-73, p. 19 et seq.

foreign Rájá<sup>1</sup> The land is also held on condition of rendering service if required<sup>2</sup>

No remission of revenue can be asked by holders of land on this tenure

The land was all divided into fairs called 'waig' or 'waigá,' and each jamma landholder held one or more 'wargas,' according to the size of the family group

Previous to Tipú's invasion, divisions of property and separation of families were rare, large 'house-communions' existed, and it was not uncommon to find thirty-five or forty grown-up male relations, and many families consisting of upwards of one-hundred or even one-hundred-and-twenty members, living under the same roof<sup>3</sup> Of late years a certain amount of internal division of holdings, as a matter of arrangement among the families, has taken place, but I am informed that actual partition is not officially recognized and is regarded as illegal and improper<sup>4</sup> In any case it can only be effected if all consent, any one separating himself otherwise, is looked on as an outcast by the remainder, and can claim no share of the common stock, but must depend on his own resources

The eldest member (yajmán) of the family group is the head of the house and holds the 'sanad,' and the property is registered in his name

The warg always includes an area of 'báné' land—the term will be explained presently—and some low-lying barren land on which the cattle graze, called 'baiké,'

<sup>1</sup> It is obvious to remark that this fee (kanike) recalls to mind the 'kanim' of Malabar, which has been suggested to be not originally (or really) a mortgage advance, but a fee paid in token of feudal allegiance by the holder of land to the superior, though in the course of time it came to be treated as a mortgage transaction

<sup>2</sup> On which account formerly a woman could not hold 'jamma' land It has now been held that she can (under inheritance or family settlement), provided she finds an efficient substitute among

the male members of her family in case of service being required (Chief Commissioner's No 2266-923, dated 31st March, 1883)

<sup>3</sup> *Gazetteer*, vol III p 329 It would seem that if a part of a 'warga' was broken off, it ceased to be held under the privileged jamma tenure and could only be held on the common or sagu tenure

<sup>4</sup> It is said that the Rájás encouraged division, because it caused more land to be taken up, and also discouraged the practice of polyandry

besides the 'hittalu-manédalu'—a plot of land for garden, yard, cattle-sheds, &c, attached to every dwelling site

### § 3 *Slaves or Serfs*

As usual in conquered countries all over Southern India, the ruling classes employed the enslaved 'aborigines' to cultivate the jamma lands. This of course was not recognized by the British Government, and the slaves soon found no one could interfere with them if they left and went to cultivate coffee or other lands, where profitable wages were offered.

This was the source of much difficulty, since the jamma owners had no means of cultivating their lands, for they could not let or alienate them. It was ultimately determined that a portion of the holding, not exceeding one-fourth, might be sublet on the 'vâia' plan (metayer, or paying half produce), this tenancy has to be offered to certain classes in order. The limitation is not, however, enforced in the case of widows, minors, and others incapable of cultivating land themselves.

New land can be acquired by 'Coorgs' on the 'jamma' tenure in certain cases, e.g. by conversion of ordinary or 'sâgu' land into jamma, in the case of the restoration of old abandoned 'waigas,' and on application for conversion when there are special reasons accepted by the Chief Commissioner<sup>1</sup>

### § 4 *The Restriction on Alienation explained*

The reason for the restrictions on alienation above alluded to, are thus explained in a note made in 1834 by the Commissioner (Colonel Fraser). After describing the rule made by Pirajendia Rájá, which entitles every Coorg to as much jamma land as he requires, on condition of the favourable revenue-payment of R 5 for every 100 battís, and the fee on acquisition, and after remarking on the curious custom of giving the Coorg 'a handful of soil' in token of his owner-

<sup>1</sup> For the details see the Government of India letter (Revenue and Agricultural Department), No 970 R, dated 12th October, 1883

ship, and taking the same from him in case he voluntarily resigns a holding or exchanges it for another, the note goes on 'The practice of subletting can never obtain in this country. If it could, we should soon have numbers of great Zamíndáís in the district. A whole nád might by degrees fall into the hands of an individual capitalist from Mysore perhaps, or the districts below the gháts, and the lightness of his assessment would enable him to sublet it to others with personal advantage, though without personal care or labour. But this is effectually prevented by the usage of the country, which decidedly forbids it, and the principle that obtains of regarding the proprietary right to the soil as originally vested in the sovereign<sup>1</sup>. He grants a certain quantity of land to a raiyat at a certain annual rate, and for the time divests himself of his property. But the land has been granted to that particular individual and to no other, it has been let at a specific rate of tax, and no other<sup>2</sup>. Let another tenant be found there, paying to the actual lessee a higher rate than that fixed by the Sukár, and the lease is *ipso facto* annulled, the land falls again into the possession of the sovereign power, and is again at its disposal.'

### § 5 *Ságu Tenure—Umbali*

The ordinary tenure of the country (i.e. of all land that is not 'jamma') is the 'ságu', it is an occupants or raiyat-wári tenure, with no condition of service, and it pays revenue at the rate of R 10 per 100 battís. Remission of revenue is allowed for failure of crops<sup>3</sup>. Partition of jointly-held ságu land is not objected to. The holder of ságu land receives a ságavali-chitu, or lease from Government, signed by the Súbadár.

<sup>1</sup> It would be more correct to say not 'originally' but in 'later times as an assumption resulting from conquest'. The earlier authorities both Hindu and Mussalmán were, as I have shown in vol. 1 Chap IV, distinctly against the general right of the sovereign to *occupied* or cultivated land.

<sup>2</sup> And subject to a claim of military service.

<sup>3</sup> There were formerly two classes of ságu tenure, which paid at different rates. This is still kept up but transfers from one class to another do not now take place. It is not necessary to go into details on the subject.

Certain raiyatí lands were, in the Rájá's time, allowed a light assessment for certain services performed, and these are distinguished as 'umbali' lands

A somewhat different system of tenure long prevailed in the Yélu-sávna-shímé country at the foot of the gháts. Here the village pátels managed the revenue, each village being farmed to them. But this proved oppressive and inconvenient, and in 1801 the Rájá ordered the lands in the taluk to be measured just the same as the land within the Coorg barriers, consequently, the holdings became raiyat-wár, and a 'beíz,' or account of the rates assessed on each field, was made out, and is still maintained

### § 6 *Báné Lands*

It has already been mentioned that with every holding of jamma land (and the same is true also of ságu land) in Coorg proper, the holder acquires the use of an appurtenant plot of 'báné' land—that is, a plot of forest land varying (and not always according to the size of the principal holding) from 4 or 5 to 300 acres. It is now, by rule, limited to double the area of the principal holding. The báné is located on the slopes above the valley where the rice-cultivation is, or somewhere near it, and it is destined to supply the *warg*-holder with grazing, timber, firewood, and above all with bamboos, branches, and herbage, which he burns on the rice-fields to give ash-manure to the soil. But the produce must be strictly used for the supply of the agricultural domestic wants of the holder, and if timber, &c., is sold, the tenure is infringed, and Government has a right to demand seignorage on the wood. Sandal-wood trees found in báné land are always reserved as the property of Government.

In the jamma tenure, as the báné is included in the sanad, it is virtually a part of the property. In the ságu tenure there is no sanad, but the attached area of báné must be held and used subject to the same conditions. Under these circumstances, the báné cannot be regarded as actually the property of the tenure-holder, nor, on the

other hand, as land at the disposal of Government. It is rather land which is held as an appendage to a waig or estate, or to a ságu holding, in a sort of trust, or on condition for a certain use<sup>1</sup>

Had the bání so remained, there would be nothing more to be said about it. In old days, in Central Coorg at any rate, no one wanted to cut trees for sale, for they had no market value, no one cultivated the bání, beyond raising a few orange or plantain-trees, or ploughing up parts where it was possible to raise a little dry cultivation which was not thought worthy of notice, hence the bání, as an appendage, did not subject the holding to any further revenue-assessment. But in time the land became more valuable, and people began to sell the trees, or what is more, to cultivate coffee. So long as this was done without general clearing, it did little harm, but in time, as larger clearances were made, the utility and natural purpose of the bání were threatened, and moreover the people soon attempted to alienate the land itself, selling or leasing it to coffee-planters, and when this was found profitable, fictitious 'waigs' were imagined and bání applied for under that pretence, and then used for coffee-planting.

The question of preventing these abuses soon arose, and 'bání' rules are now in force<sup>2</sup> as regards assessment. It has for some years been allowed, as a concession, to cultivate coffee on ten acres in the bání without charge, and in 1875 a further concession was made to 'jamma' bání, so

<sup>1</sup> The official definition is this — 'Banie is forest land granted for the service of the waig or holding of rice-fields to which it is allotted, to be held, free of revenue, for grazing, leaf manure, firewood, and for timber required in the waig.'

It may be observed that this plan of allotting an area of woodland to support the rice-cultivation is found in Kanara and Malabar (Kumbhik and parambi) and also in other parts—e.g. in Bombay (the 'waikas' numbers of the Konkan, and the rub lands elsewhere) and in Chutia Nagpur in S.W. Bengal.

It marks a sort of natural stage in the progress of tillage from shifting cultivation by burning the forest, to permanent agriculture, the use of ash-manure is still considered necessary. Artificial manure is not available, and the dung of oxen is not used, it is dried for fuel, even where wood is abundant, because of its slow burning and smouldering.

<sup>2</sup> Vide Chief Commissioner's No 960-328, dated 21st May, 1886, and No 1293-328, dated 15th July, 1886.



that coffee might be cultivated even in excess of ten acres, provided that the bushes were planted under the natural forest without removing the large trees. All cultivation in excess of this is assessed<sup>1</sup>

### § 7 *Forest Cultivation*

'Kúmmi' cultivation (see Vol I p 116) was extensively practised in former days in the forests on the slopes of the western gháts, and in the forests of the south. It was for a time prohibited, but has again been allowed to a limited extent, and under proper conditions, in favour of certain jungle families who are accustomed to this mode of cultivation<sup>2</sup>

Cardamom cultivation—by protection of the seedlings which spring up spontaneously when small clearings are made in the evergreen forest—is also practised

### § 8 *Royal Farms or 'Panniyá'*

As a curious relic of the distinctively Dravidian institutions of Coorg, I should mention that the Rájá not only took revenue from the demesne or territory directly under his own rule—as distinct from that held by his chiefs—but also had special allotments of land (=the majh-has of South-Western Bengal). These were called 'panniyá,' and consisted of farms and estates, scattered over the domain, the produce of which went entirely to the king. In some cases the lands were cultivated by metayer tenants, but ordinarily by a large body of slaves. The farms were exceedingly well cared for and highly cultivated<sup>3</sup>

The slave question gave rise to some difficulty on the annexation of the province, but it was ultimately settled

<sup>1</sup> Binc is not (by that name) allotted to holdings in the northern taluk (Yelu savira shimé), nor in the 'hobalis' below ghat on the east, but smaller areas of forest called 'tharan' (or karao?) and 'hankal' are given out

<sup>2</sup> See the rules in Chief Commissioner's No 659-44, dated 15th

April, 1886. The concession is confined to the Kairiké village, and the limit is to each cultivator to 'kummi' ten acres in the year by written orders of the parpattagá

<sup>3</sup> *Gazetteer*, vol III p 319. The Rájá generally took care to secure the best lands

The farms themselves (which became the property of the State) were divided into the usual 'waigá,' and were disposed of like any other land held in ságu tenure

### § 9 *Coffee-Land and 'Waste-Land' Tenure*

There is or was, besides the timber or 'high' forest on the hill crests, and the bání lands on the lower slopes adjoining the valleys, a very large area of jungle or 'waste' Much of this is suited to the cultivation of coffee Where this waste is forest land (for coffee cultivation) it is applied for under 'Waste-land Rules' Where it is ordinary measured land that happens to be available, it is (whether taken up for dry or for wet cultivation) held on the ordinary ságu tenure, but with a certain graduated scale of assessment, to encourage the cultivator and help him over the initial expense of clearing and establishing fields When waste was taken up for *coffee cultivation*, it was formerly held revenue-free, but the produce was liable to an export duty (hálat) of four annas per maund of twenty-eight pounds, or one rupee per cwt, of clean coffee In October, 1863, this duty was abolished and a uniform assessment of from one to two rupees per acre<sup>1</sup> for the whole area, was introduced from 1st May, 1864 The rules for the lease of waste lands were issued by *Notification* No 6 (Bangalore, 3rd June, 1884)

The available waste does not include Reserved, or State forest-lands, nor does it include tracts set apart for village use Villages have often assigned to them certain tracts locally known as 'paísáí' or grazing-land, and 'urudvé' or village forest, for the supply (free) of local wants in fuel, small wood, and grazing<sup>2</sup>.

<sup>1</sup> For the first four years assessment is not levied, then from five to twelve years R 1, and after that R 2 (*Administration Report*, 1872-73, § 32)

<sup>2</sup> There has been a good deal of correspondence about the prevalent practice of stating unauthorized cultivation (chiefly coffee) in lands allotted as village forest or grazing

ground, as well as in Devarakadus afterwards described To check this practice, 'if the Commissioner thinks it necessary' to compel the occupier to abandon the land, he is authorized to impose prohibitory assessment without limit, in preference to acting upon the former rules for exaction of penalties or sale of land by auction Where

'Unallotted waste-land in Coorg is Government land, and the trees that grow upon it belong to Government. Raiyats can only cut timber on such land for their own use when permitted to do so by long-standing custom or by express rules<sup>1</sup>'

Sandal-wood trees (wherever grown) are by ancient undoubted custom 'Royal' trees, or in other words, State property<sup>2</sup>, and where a raiyat holds his land, it is 'subject to the servitude of the right of Government to the sandal-wood trees' In land sold under the Waste-land Rules (1884), the rules about sandal-wood are special and must be referred to

Teak is also a 'Royal' tree, wherever grown, but there is no objection to its being 'redeemed' by the landholder. No claim is made to tamarind trees or other minor produce on private lands<sup>3</sup>

### § 10 *Sacred Groves*

Besides the many groves set apart in each 'nád' for some object of worship, there are sacred woods called Dévaia-kádu, which are superstitiously reserved as the abodes or hunting-grounds of deified heroic ancestors. Of late years, however, the feeling of reverence has given way to the love of profit, and the groves have been surreptitiously cultivated with coffee. It became necessary, after making surveys, to issue rules under which cultivation has been ordered to cease (in 1887), and these groves are absolutely reserved under Government care

### § 11 *Jodí Lands.*

Certain lands are held by grant of the soil on a fixed revenue, called jodí. In other words, the land is not abso-

the prohibitory assessment is imposed, the price of the land must not be exacted, but the price of trees felled can be recovered summarily (Chief Commissioner's No. 1918-3386, dated 25th October, 1886. For former rules see No. 1377-563, dated 18th October,

1882)

<sup>1</sup> Chief Commissioner's No. 1014-129, dated 5th November, 1880

<sup>2</sup> Chief Commissioner's No. 920-L M 219, dated 10th October, 1884

<sup>3</sup> See Chief Commissioner's No. 591-306, dated 12th May, 1886

lutely revenue-free, but partly so, or on half-assessment. Such lands are held by the pátels or heads of families, in Yélu-sávna-shímé (resembling the 'watan' of Western India) and by religious institutions all over Coorg. The tenure so far resembles the jamma tenure that it pays the same rate (R 5 per 100 battís).

## CHAPTER III

### REVENUE ADMINISTRATION

#### § 1. *Survey and Settlement*

THE land-revenue Settlement is virtually permanent. The assessment is still, in fact, that introduced by Linga Rájá in 1812, when a careful register was prepared of all revenue-assessed lands in Coorg proper. Rice-land only was assessed, such other cultivation as was possible on the slopes was free, or subject only to certain offerings of the produce. It was supposed that one-tenth of the rice-produce was the standard Government share. There had been a prior Settlement effected by Dóda Vínaj in 1806, but this was limited to the Yélu-sávina-shímé taluk and two 'hobalis' of the Nanjarápatna taluk, below the (mountain) barriers. These 'shist' accounts (as they were called) give the particulars of every 'waigá' or holding, and of the position of lands attached to each, whether báné, baniké, or hittalmanédalu. Within the last twenty years a topographical survey, which included the coffee estates and reserved forests, but not the revenue-assessed lands, has been carried out. A revenue-survey of the province has recently been decided on, but this it is understood, will not be accompanied by a fresh Settlement so as to disturb the old rates of assessment.

The jamma tenure is obviously a grant under sanad, and the assessment, at half the ságu rate on wet cultivation, is therefore absolute.

There has been no declaration that the ságu assessment will never be raised, but the rates of the old shist accounts

are maintained, and I have not heard of any suggestion for their re-assessment

## § 2 *Other Taxes on Land*

Besides the revenue, all rice-lands pay a cess called dhúli-batta, and there is a house-tax (muhtarafa), and there formerly was a tax levied to cover the State expenses of a festival (called huttáñ) at the beginning of the monsoon. This is abolished.

The dhúli-batta is curious: it indicates the 'dust of the threshing-floor'—the refuse paddy which was *accepted as a voluntary offering* by the first Haléri Chief, when warily assuming the dominion over Coorg. Of course in due time it became a regular tax, and no refuse paddy. In 1868-69 it was commuted into a money-payment.

A plough-tax is also levied to pay for the cost of education. It is levied both on jamma and ságu lands, being four annas per plough on jamma and three annas on ságu holdings.

The revenue is payable by certain instalments according to class of land. Rice- and rági- (millet) land pays by four instalments (in February, March, April, and May), coffee-lands the same, unless the produce is exported to England, when payment in one instalment, before 31st May, is allowed. Cardamom-land pays in February.

Land on which an early cereal crop (called the Vaisákha crop) is reaped, pays in four instalments (from September to December <sup>1</sup>).

Remission of revenue is not allowed except on sanction of the Chief Commissioner, not on the ground of failure of a crop, but of real poverty and inability to pay. For any single crop-failure it is borne in mind that the assessment is far from heavy and was fixed on the average of good and bad years so as to allow for occasional bad seasons <sup>2</sup>.

<sup>1</sup> See Chief Commissioner's No 1212-498, dated 22nd September, 1882.

<sup>2</sup> Chief Commissioner's order as above, 1882.

§ 3 *Revenue Procedure*

The revenue procedure is guided by 'The Coorg Revenue Regulation' (I) of 1889<sup>1</sup> This is chiefly concerned with detailed provisions regarding the recovery of arrears<sup>2</sup> by distraint and sale of moveable property, or by attachment and management of any land or other immoveable property of the defaulters, or by its sale

Sec 63 The Civil Courts have no jurisdiction in any question as to the rate of land-revenue or amount of assessment, but redress may be had in the Civil Court by persons deeming themselves aggrieved by any proceedings under the Regulation, such suit being brought within six months from the time at which the cause of action arose

Sec 64 The paipattegáis or revenue officers of náds have to inspect the lands and the cultivation in the nád This inspection is followed by that of the subedár of the taluk, and finally the Commissioner conducts the 'jamabandi' or annual settlement by which is determined what land has been held and what revenue is to be paid, for the year

The 'village' officers are the result of the aggregation of *wangs* or holdings into 'grámam,' or something analogous to villages, for purely Government purposes The headman and accountant over such groups are now to be found as elsewhere The pátel or headman receives a sanad, specifying his duties, which, as usual, are not only confined to revenue matters, but extend to repressing crime, watching suspicious characters, and so forth He is remunerated by a percentage on the collections, or partly by that and an unofficial jodí or umbali (revenue-free) holding

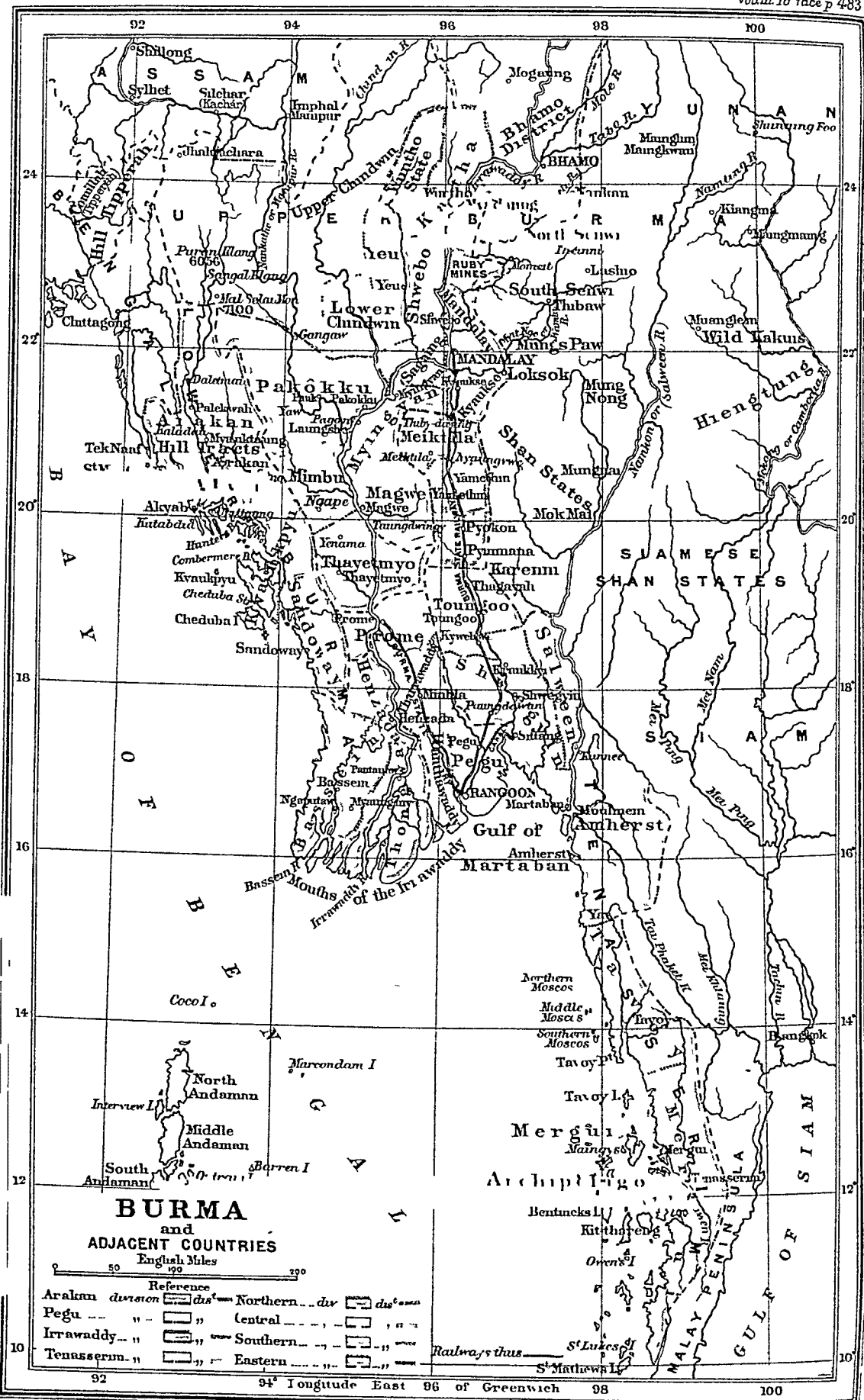
<sup>1</sup> Repealing Reg III of 1880

<sup>2</sup> Revenue is in arrear when any 'list' or instalment is not paid on the date fixed By definition ('revenue') includes 'land-revenue, cesses and muhtaraf, and every

other sum payable to Government in accordance with law, contract or local usage in respect of the occupancy of land or the supply of water to it for irrigation'







## PART VI—BURMA

(With a note on the Andaman Islands)

CHAPTER I	THE GENERAL FEATURES OF THE PROVINCE
„ II	THE LAND-TENURES
„ III	THE LAND-REVENUE SETTLEMENT
„ IV	THE LAND-REVENUE OFFICIALS AND REVENUE BUSINESS
„ V	UPPER BURMA
„ VI	THE ANDAMAN AND NICOBAR ISLANDS

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### CHAPTER I

#### THE GENERAL FEATURES OF THE PROVINCE

##### § 1 *Division of the Subject*

THIS province consists of two parts which must at present be distinguished. 'Lower Burma,' which has been under British rule, part of it since 1824, and the rest since 1852 (see Vol I p 48), is under the general Indian Statute Law, including the several Acts (e g Act II of 1876 relating to Land) which have special application to Burma. 'Upper Burma,' divided at present into seventeen districts (with a number of feudatory States under political control only, and known as the Shán States), was formally annexed in 1886, and is not subject to the Indian Statute Law, but is governed by Regulations under the Statute 33 Vict Cap 3.

It will be convenient then to keep the two apart in our study, and the first four chapters deal only with Lower

Burma—which used to be called ‘British Burma,’ as distinguished from the northern country then under native rule

When all relating to Lower Burma is disposed of, a separate Chapter (V) will give the outline of the Land Revenue administration followed in Upper Burma. The system described is not of course a final one, various features will in time disappear, and especially a regular land-revenue will take the place of the special taxes still maintained. But a sketch of the present system will not be unprofitable as showing how administration is made progressive, and how local customs and the old habits of the people are respected, while cautiously and gradually aiming at a better and more uniform system in the future

## § 2 *Physical Divisions of Lower Burma—Arrakan*

Looking at the province as it came under British rule after the war of 1852, there were certain divisions distinguished locally as ‘provinces’ and though these are not now made use of for administrative purposes—the Civil Divisions having been differently arranged—they are geographically convenient, and a brief notice of them will serve to give a general idea of the sort of country to which the Revenue law applies

The province on the north-west was called ‘Arrakan’<sup>1</sup>. It lies all along the coast, extending as far as Chittagong, while inland it is separated from the rest of Burma by a long and broad range of hills. The Hill portion of Arrakan is excluded from the regular revenue law—it is occupied by tribes who adopt the practice of shifting cultivation, (already alluded to, and further described in the sequel), which, throughout Burma is called ‘toug-yá’<sup>2</sup>. In

<sup>1</sup> Nearly all these names are conventional or Anglicized—they have often but little resemblance to the Burmese words, which it is impossible to give, as I have no system of transliteration, even if I had, the real names would not be very useful, as the Anglicized forms

have been officially adopted

<sup>2</sup> ‘Yá’ means a garden or clearing, ‘toug’ = hill—so that the term implies cultivation in the hills, where indeed this form of agriculture is chiefly if not exclusively found

the level country near the coast, the cultivation consists of rice, and there are mango gardens or orchards, as well as palm-groves, here the regular Revenue-law prevails

### § 3. *Pegu*

Beyond Arrakan, and occupying the central portion of the mainland, is the province called Pegu, extending north as far as the old frontier line, and eastwards across the Pegu 'Yoma'—the 'backbone,' or central range of hills, so as to include the valley of the Sittang on the other side of the Pegu Yoma

The province so defined exhibits a succession of the same features. Descending from the slopes of the Arrakan Yoma, we come to the broad valley of the Irrawaddy with its fairly populous villages and its permanent cultivation, which almost entirely consists of rice. Wheat and barley are quite unknown, and bread consequently, in any form, is not an article of common consumption. This valley is again closed in by a lower central mountain range called the Pegu Yoma, where again we find shifting toungyá cultivation, and in part of it, at least, Karen tribes. This Yoma is the site of a number of valuable teak forests. Then, again, still going east, we have another valley, but far narrower than the Irrawaddy valley—that of the Sittang, followed again by a wider and much higher range of hills, also full of forests and toungyá cultivation, till once more we descend into the valley of the Salween. The river here, for a part of its course, forms the outer boundary of Burma. The hills beyond, rich in teak, are in foreign territory.

### § 4. *Tenasserim*

The Tenasserim province (including the tract called Martaban to the north of the Amheist district) is a long narrow strip of country forming an appendage to the south-east of the Burmese mainland, as Arrakan forms a similar projection to the north-west. Extending along the coast line as far as Meigui, and including the group of islands known as the Meigui Archipelago, it overlooks the Bay of

Bengal along its whole length, the line of Andaman and Nicobar islands here forms a sort of outwork or barrier between the coast and the open bay. The country is somewhat unhealthy, especially to the south; it is hilly and covered with more or less tropical jungle. Nearly all but the level alluvial rice land on the coast, if inhabited at all, is cultivated by 'yá' clearings.

Thus we have, for the theatre of our revenue system, a country presenting alternate hill ranges in which Karen tribes have their shifting homes and temporary clearings, and rich alluvial valleys where the dense jungle has gradually been cleared away, and village cultivation has been established permanently, each little group of houses, usually placed on the bank of some river or creek, will be seen surrounded with a wide expanse of green rice fields, and occasionally diversified by groves of palm, orchards of fruit trees, and vegetable gardens<sup>1</sup>.

### § 5 *Present Civil Divisions*

The present division into Commissionerships for Revenue and Administrative control is somewhat different from the old provincial division. On the constitution of the province as a separate administration in 1862, three civil divisions were considered sufficient, under the Commissioners of Arrakan, Pegu, and Tenasserim respectively. The first controlled the Arrakan districts, the second all the valley of the Irrawaddy and a part of the Sittang valley beyond, and the third had the rest of the province,

<sup>1</sup> The principal cultivation in Lower Burma is rice, which is either sown broadcast or transplanted, the latter giving, it is said, the fullest crop. The soil is ploughed when first saturated by rain, though ploughing is rather an inappropriate term. The plough is a beam with a few stout spikes or teeth, which scratch and do not overturn the soil, it is taken across and across the field in different directions, and young buffaloes are turned into the field to knead the soil. The plough is

again passed over it, and the whole process repeated several times. The ploughing season lasts sixty days, and they work six hours a day, so that a buffalo plough can work fifteen, and a bullock plough ten acres. On the laterite undulations, sesamum, millets, and pulses are occasionally grown also cotton, tobacco, and sugarcane. In gardens we have the cocoa-palm, betel leaf plant, mango, jack, plantains, and pineapples, and further north the custard apple (*Annona* species), which may be

viz the Sittang valley extending as far north as the then frontier district of Tounghoo, and down to the coast districts of Amheist, Tavoy, and Meigu. Now there are four divisions (see the Table in Vol I Chap II). The Arrakan division includes the same districts as before (the Hill Tracts, Kyoukphyû, Sandoway, and Akyáb). The districts west of the Irrawaddy river (Bassein, Thoungwá, Henzadá, and Thayetmyo) form the Commissionership of Irrawaddy those to the east (Prome, Tharrawaddy, Hanthawaddy, Rangoon, and Pegu) are under the Commissioner of Pegu. The Tenasserim Commissionership still includes Toungoo and Shwegyín, as well as the coast districts to the South-East.

### § 6 *The System of Revenue Administration*

The notification of 31st January, 1862, which united the Provinces of Lower Burma into one Chief Commissionership, states that they are all 'non-regulation' provinces, and that their 'revenue system is in principle essentially the same. It is founded on the system which prevailed under the Burma Government, and the modifications adopted in each province from time to time since it came under British rule, are due less to any variety in the conditions of the three provinces<sup>1</sup> than to the differing views of the authorities by whom they have been successively administered.'

### § 7 *The Land Revenue Act*

The Land Law of Lower Burma is Act II of 1876 and the rules made under it<sup>2</sup>

The 'Hill District' of Arrakan is not under the Act<sup>3</sup>,

seen on terraces near Prome, flinging the banks of the Irrawaddy (*Hanthawaddy S R*, p 23 (1881-82), *Bassein Report*, 1879 80, p 2)

<sup>1</sup> i.e., (1) Arrakan (2) Pegu, (3) the Maitaban and Tenasserim Provinces taken as one, as they were (and are still), under one Commissioner

<sup>2</sup> The Act was declared to come into force on 1st February, 1879, by a notification in the *British Burma*

*Gazette* of that date. For the Rules see Notification No 23, dated 22nd April, 1886, and subsequent slight amendments

<sup>3</sup> The Arrakan hills are entirely governed by Regulations VIII of 1874 (as amended by V of 1876) and IX of 1874, issued under the 33 Vict, Chap 3. One of these provides for the administration of civil justice, the others called the 'District Laws Regulation,' declares

and the 'Karen hills' sub-division of the Tounghoo district has been also exempted by notification<sup>1</sup>

what Acts, &c, are in force, and disposes of the subject of land revenue in two sections. The revenue system is therefore easily explained. Measured land in the plains (rice, garden, and palm grove) pays a rate from one rupee down to eight annas an acre, according to the Deputy per Com-

missioner's assessment, 'toungya' pays one rupee per *family*, one rupee is also levied per family on all who have paid either tribute or capitation tax, and the latter is abolished accordingly.

<sup>1</sup> No 11, dated 1st February, 1879

## CHAPTER II

### THE LAND-TENURES

#### § 1 *General Idea of Right in Land*

It will be most convenient to reverse the order in which I have hitherto described the revenue system of the provinces, and to describe, first, the way in which land is held. This subject is dealt with first in the Act, so that I am following the legal order. In pursuing this study we shall find no direct parallel to the case of land-tenures in India.<sup>1</sup>

It is probable that in Burma the popular feeling or custom regarding proprietary right, as is so commonly the case in jungle countries, is connected with the fact of first clearance and subsequent occupation. The labour of clearing the fertile but densely overgrown land is so great, that the undertaking of the task fixes in the popular mind the feeling that permanent possession of the land is its natural result. At first, no doubt, when the several tribes of the Burmese and Talaing nations had settled in the Irrawaddy Valley, they lived in a state of society very similar to that still shown by the hill tribes. Cultivation was begun by the clearance of the forest by burning. But with settlements on the level alluvium of the great valleys there is this important difference: the land once prepared, the continuous cultivation of rice is possible, and therefore there is no occasion to abandon the spot after a crop has been taken

<sup>1</sup> I am indebted to Mr G D Burgess for a pamphlet by General Sir A Phayre (Rangoon, 1865, now scarce and out of print) called 'A few Words on the Tenure and Dis-

tribution of Landed Property in Burma,' and a Minute by the same author on the Land Assessment recommended for the Province of Pegu, dated June, 1858



off and seek a new clearance, as is the case with the toungyá cultivation to be described presently. The hand-hoe used in the hill clearings necessarily gave way to the peculiar method of ploughing and working up the mud, required for rice cultivation, and permanent fields were thus established. The right which custom recognized in the man who first cleared the jungle, was naturally further strengthened when he continued to cultivate the same field. Among the tribes (Karens and others) who still practise shifting cultivation in the hills, the idea of right to the land is confined to the field as long as it lasts. But in some parts at least, there is a system practised by Karen tribes under which the moving cultivation is restricted to a limited and well-known tract of country. Here probably there was always some general but indefinite feeling of tribal property in the particular area occupied.<sup>1</sup> It is portioned out according to established custom, the plots cultivated by toungyá, being cut and cleared in a known customary rotation.

It can hardly be doubted that the idea of proprietary right in land has long existed in Burma, and it is dependent on the fact of clearing the jungle.

The right of the sovereign to a tithe of the produce, is also recognized. General Phayre informs us, on the authority of the *Dhammathāt*, or laws of Manu (a work which has nothing to do with the Hindu Institutes of Manu), that the people originally agreed to confer on their elected king a share of the produce. So that in Burma the Government revenue is dependent on the same principle as in India, namely, that the king has a right to a share in the produce of all cultivated land.<sup>2</sup>

<sup>1</sup> And though the law in general does not recognize any right in the land to be acquired by toungyá cutting, still the Rules (61-76) enable allotments to be made in such cases.

<sup>2</sup> 'But the king, who is master, must abide by the ten laws for the guidance of kings, and although

property which has an owner is called the property of the king, yet he has no right to take all. Rice fields, plantations, canals, whatever is made (or produced) by man, he has a right to' (Quoted by General Sir A. Phayre from the 6th book of the Code.)

§ 2 *The Burmese Village*

The villages consist of groups of independent holdings and are called 'kwin'<sup>1</sup>

The kwin has been, as we shall see presently, adopted as the unit of revenue assessment

The land-holdings in a kwin may, indeed, be connected in some way, because the Burmese law of inheritance gives rise (like that of India) to a joint succession. Not only the sons, but the widow and daughters are entitled to shares, and thus holdings become grouped. Besides this, persons undertaking agricultural clearings mutually settle together in more or less connected groups, being often bound by relationship, or associating together for mutual protection and society, it is said that in many places the feeling of the Burmese village is decidedly 'clannish'<sup>2</sup>. But the natural circumstances of relationship and cohabiting are the only bond. In Lower Burma there is no joint liability for the revenue as in villages in Upper India<sup>3</sup>.

In jointly-owned lands, actual division often does not take place for some years after the death of the common ancestor. In some cases one of the shareholders buys out the interest of the rest, in others the undivided holding is worked in turns by the different members of the joint family, or one of them works the whole for a series of years, paying rent to the other co-sharers. The number of

<sup>1</sup> Sometimes written 'Kweng' or 'queng'. I am informed that the word literally means a plain or level place showing the idea of permanent occupation in the plain, as distinct from the temporary use of hill land. 'Inhabited tracts,' says Sir A. Phayre, 'were found to contain natural or well-marked divisions of country, recognized by the inhabitants, generally having distinctive names, and called by them "kwin"'. These tracts were generally of convenient size, bounded by streams or other general objects, and sufficiently homogeneous in their soils to be fit and convenient "ring-fences" within

which a separate rate of rent or tax might be taken.

<sup>2</sup> For some curious customs regarding the position of fields, and the dislike to having a field between two owned by close relations, or one surrounded by another holding, and so forth, see the *Bassein S R*, 1880-81, p. 5.

<sup>3</sup> In some parts the attempt was made to introduce a lump assessment for a whole village or group of holdings, with a common responsibility for the whole, but the attempt failed and was abandoned (Directions for Settlement Officers, Burma, p. 1. Revised Edition of 1885).

holdings jointly enjoyed is, however, comparatively small, and after four or five years division usually takes place or the shares sell to one of their number

It is the common practice amongst cultivators to dispose of their property before death, the landed property being given between one or more children according to its area, and the moveable estate being divided among the others

There is a feeling in Burma against the permanent alienation of land, and mortgages, though worded so as to imply that redemption is not to be claimed, have been, even after many years, redeemed and given back to the original family

### § 3 *Tenants.*

The landholding classes do not always cultivate the land themselves the idea of renting land is familiar since Burmese times Ten per cent of the produce *plus* the Government revenue was the customary rate The produce was divided on the threshing-floor The tenant thus got paid according to the actual crop, and obtained relief when it was diminished by flood or other accident The system is still common in the poorer or more remote parts, but near large towns, where the soil is rich and cultivation well developed, a rent is fixed in advance and has to be paid whether there is a full crop or not Such a rent will represent one-tenth, or in some cases one-fourth, or one-fifth of the produce Rent is also commonly paid in money, or is arranged so that the tenant pays a proportion (equaling the Government land revenue) in money and the rest in kind

### § 4 *No Tribal Allotments*

In these customs of landholding, at least in the plains where permanent rice cultivation is practised, we do not observe anything like village colonization and settlement by families of a tribe, or the allotment of the whole area in certain shares to that tribe, such as we have seen in parts of India

### § 5 *Modern Origin of most Tenures*

Title to land originating, as I described, in mere occupancy by clearing, and then descending by inheritance or transfer, the origin of most holdings is recent and very simple. In our own times a great deal of land has been simply 'occupied'. A lease or a grant may have been given, allowing the land to be held revenue-free for a term of years to encourage and help the settler, or it may have been held on yearly tenure, or by some verbal permission of the local revenue official. Still more land has been cleared and ploughed up without any formal permission from any one. In any case, the holding only extended to what was actually granted or occupied.

### § 6 *The Right to Waste Land*

There is always a tendency, in Oriental countries, when a Government is established by conquest, for the Ruler to claim the ownership of the soil generally. This, however, is a sort of supremacy which does not ordinarily override the customary right of those who have occupied definite tracts—especially those permanently cultivated—hence the State right in the soil takes practical effect chiefly as regards the waste or unoccupied land. Indeed the State ownership of the unoccupied waste, and the right of the Ruler to make grants, or otherwise to reserve it for special uses, has never been questioned.

Instances are, indeed, not wanting where the king has violently taken possession of occupied land, but such an act is looked upon as an arbitrary exercise of power, and the extract from the Buddhist law already quoted in a note shows this to be the case in Burma.<sup>1</sup>

The waste, though belonging to the State, was very little cared for. The modern uses—such as creating State forests or granting estates for tea and cinchona plantation—were

<sup>1</sup> See Directions to Settlement Officers, § 42. 'Under the Native Government the Sovereign was regarded as the proprietor of the land,

and General Phayre states (Minute, p. 7) that the "right of subjects to land is always subordinate to the reservation of Government right."

unknown. It seems to have been recognized that anybody might take possession of a piece of waste adjoining his holding and clear it, and so acquire the customary title,—and the king was probably only too glad to see this done, since his right to a revenue from the land then arose. But side by side with this practice, remained the right of the king to make gifts out of the waste, and of his officers to make special allotments of it. This appears clearly from the fact that of the seven ways of acquiring land, recognized by Burmese jurisprudence, ‘allotments by Government officers’ and ‘gifts by the king’ are two<sup>1</sup>

### § 7 *Modern Definition of Right in Land*

When population increased and the settled order of British rule began, it became necessary, first, to define the right of a ‘landholder’ as regards occupied land, and, next, to assert the absence of any private right (which meant that the Government alone had the power of disposal) in the unoccupied or waste land.

The Land Act of Burma (Act II of 1876) deals with both these subjects.

The landholder’s right is only recognized in permanently-occupied land. Where *toungyá* cutters are still found to practise their destructive method of shifting cultivation in the hill ranges, it is only on sufferance, they have no recognized right, and the practice is regulated by rules under the Act, and will be dealt with more in detail presently.

### § 8 *The Land Act*

The right recognized by law refers, then, only to land permanently occupied. It may be regretted that the Act was not made more simple, as it undoubtedly might have been. As it stands, it is somewhat over-technical, and has made use of phraseology which must in most cases be un-

<sup>1</sup> The other five are—inheritance, gift, purchase clearing the virgin forest, and ten years’ unchallenged (as we should say ‘adverse’) pos-

session, while the former owner knew the possessor was working the land (Minute, p. 7).

intelligible to the Burmese mind, though possibly by this time the nature of 'the landholder's right'—when it is acquired, and when it is not—has become practically understood<sup>1</sup> I shall endeavour to state in plain language the main features of the Act where it defines the tenure of land, and points of detail may be followed out by a study of the Act itself, when its general purport has been apprehended

### § 9 *General Status of the Land*

The Act does not state, but it clearly implies (and the fact is quite beyond dispute) that at the present day, all land in Burma is the property of, or at any rate at the unfettered disposal of, the State, *unless* some private person has acquired a specific right to it, i.e. some kind of right recognized and defined by the Act

### § 10 *Right in Occupied Land*

The second part of the Act—'Of rights over land'—describes how such a right can be acquired. This part applies to all lands *except* those mentioned in section 4. The exceptions are lands which obviously do not require to be dealt with. They include land which has already by law been declared a forest estate, land dealt with under the Fisheries Act<sup>2</sup>, the land occupied by public roads, canals, drains or embankments, the land included in the limits of any town, the land actually occupied by dwelling places in towns or villages, lands within the limits of civil and military stations, and lands belonging (according to the custom of the

<sup>1</sup> I allow the remarks to stand as I wrote them but the Director of Agriculture and Land Records remarked on them that the theory was not at all understood, but that the fact of a few years' possession was practically sufficient. 'A person who has had such possession, whatever his theoretical disabilities, pays no higher revenue than any one else, he can sell or mortgage, and if his land is taken by the Department of Public Works for any purpose, he will probably get

as full compensation as if he were a regular "landholder"'

<sup>2</sup> No one who has been in Burma even for a few days needs to be reminded how important is the fishery-right in a country which is intersected by rivers, streams, and creeks, where the population universally consume fish, especially in the form of salted and fermented fish—the well-known *gna-pi* of Burma. The allotment of areas for fishery sites is provided in Act X of 1875

county) to religious institutions and to schools. All these are naturally excluded from being interfered with, and the proprietary right in them vests in the State, the owners, or in the institution, as the case may be, without need for any new declaration or provision of law.

But *all other* land can only be subject—

- (1) to rights created by grant or lease of the British Government,
- (2) to rights or easements acquired by prescription.
- (3) to rights created or originating in the modes prescribed by the Act

The last named are rights over land which are practically proprietary, though they are called in the Act 'rights of a landholder'

Of course any right lawfully *derived* from one of the three rights holds good also. If it is lawful to sell or otherwise transfer the right, or if by inheritance a man succeeds to it, the right holds good to him as it did to the person from whom it was lawfully acquired.

To sum up this shortly, it means that, generally speaking, as regards private rights, the land to which Part II applies is *prima facie* subject to no rights of private persons, but the law is prepared to recognize (1) all rights which the Government has given by lease or grant, (2) rights, not being rights of ownership, but often necessary to the enjoyment of property, such as rights of way, use of water, right of lateral support, and so forth, and (3), all rights of 'landholders,' a term to which the law attaches a special meaning, of which hereafter, and all rights derived legally from these, e.g. by transfer or succession.

I may take the opportunity of mentioning that lands are found in the proprietary possession of monasteries (púngyí-kyoung) or institutions of the kind. For the Burmese religionist to build a pagoda, or a 'theing' (chapel) or a 'zayatt' (rest-house) or give land to priests or monasteries, is a duty or work of merit for all who can afford it. The holder of monastery land is then not only a donee from the original landholder, but a kind of trustee. The

endowment is indicated by certain terms (puggaliká, ganiká, sangiká, &c), according as it is to an individual holy man, or a body, or is a life gift, or in perpetuity<sup>1</sup>

### § 11. *Examination of the Rights recognized — Right by Grant or Lease*

Let us proceed to notice more in detail those rights which are thus recognized

The first needs but little remark. If a lease or a grant of land has been issued, it of course gives rise to a right exactly such as the terms of the document declare

### § 12 *Rights to Surface Products and to Easements*

The second has given rise to some discussion, the right was declared to be such a right as is described in sections 27 and 28 of the Limitation Act (IX of 1871) then in force

These sections only contemplated such rights as are called in English law 'easements,' and these include rights of way, rights to use of water in streams flowing through the land, rights to use water in springs, pools, or tanks, rights to receive or not to receive drainage water off a neighbour's land, to have a passage for irrigation water across his land, right to lateral support of the soil, and so forth. But nothing else was included. These rights, whether called by the term 'easements' or not, and whether subject to technical rules or not, are natural rights, and often absolutely necessary to the enjoyment of a man's property. A man must have a way to get to his land, and be able to prevent a neighbour blocking up a stream which runs through both lands, he may also require the soil to be maintained as it is, and that his neighbour should not excavate his land so as to make a neighbouring wall or building fall down. But the Burma Act section is limited to these rights, and no such thing as a *right* to graze, to gather fruits, or get firewood or timber, was recognized *by the Act*

But when the sections quoted from the Limitation Act of

<sup>1</sup> See *Bassein S R*, for 1879-80, p 12



1871 were superseded by the present Limitation Act (XV of 1877), the term 'easement' was extended to include rights to the produce of the soil—or, to use the words of the Act, to include the right to appropriate 'any part of the soil belonging to another, or anything growing on it, attached to it, or subsisting on it'

Consequently, it is only since 1877 that a right to these products can have arisen. And it takes twenty years' adverse enjoyment for any such right to ripen into a prescriptive right, consequently no such rights can yet have grown up.<sup>1</sup> As regards land destined to be brought under the plough this is of no great importance, but it had a serious bearing on forest rights. As the question which might be raised in connection with such rights has since been set at rest by section 4 of the Burma Forest Act (XIX of 1881), it is unnecessary to pursue the subject here.

### § 13 *The Landholder's Right*

But what is the third or 'landholder's' right? Practically, a proprietary right. If a person (not holding under a grant or order of Government which itself determines the extent of right) has continuously held *possession* of any culturable land<sup>2</sup> for twelve years, and has continuously paid the revenue due thereon, or held it exempt from revenue, by express grant, he is allowed to have acquired a permanent, heritable, and transferable title. It will not, however, do for a man to be able to assert former or ancient

<sup>1</sup> There have, however, been judicial decisions in India, to the effect that section 26 of the Limitation Act is not exhaustive and does not imply that rights of user *cannot* be acquired in any other way. How far these decisions would affect a claim to rights under the Burma Act of 1876, I am not prepared to say.

<sup>2</sup> Possession is elaborately defined by section 3. Possession may be by actual occupation by the person himself, or his agent, servant, tenant, or mortgagee, or there has been no such actual occupation,

but still there may be constructive possession, viz., that the person or his agent, &c., paid the last preceding year's revenue, or if the land is now lying fallow in the ordinary course of agriculture, that it was last cultivated by the person and his agent, &c. These last grounds will not argue possession if the land is actually occupied by some one else, nor if the land has been relinquished by notice, a man might be out of possession, and yet try and oust an existing occupier, on the ground that he paid the last revenue.

possession if that possession was intermitted and came to an end twelve years before the Act came into force (1st February, 1879) Possession, on the other hand, is not broken by a succession or transfer If A has held for seven years, and then sells to B, who has held for five, B can put in a twelve years' possession So if B has inherited from A In the same way as regards the condition of paying the revenue The payment will hold good if it has been made by a tenant or other person holding under the person in possession

A person who is legally a 'landholder,' if he happened to be out of possession when the Act came into force might, within a limit fixed by section 9, recover possession, and so if he was in possession when the Act came into force, and then voluntarily abandoned the land, he could get it back within three years After the limit passed in either case, the right became extinguished After 1st February, 1882<sup>1</sup>, no one will be able to abandon his land voluntarily *for a time* (though he may do so *finally* if he likes)—unless he applies (under section 12) to the Revenue-officer to take over his land on special conditions

The 'landholder's right' is not *called* proprietary, because it is restricted, not only by the duty of paying revenue, taxes, and cesses (which is the case with all property in land in India), but also by the fact that all mines and mineral products and buried treasure are reserved to Government, as also the right to work or search for those products on paying compensation for the surface damage

### § 14 *Relinquishment of Land*

The section 12 above alluded to is quite peculiar to Burma, and marks the relation of the Burma system to the formal 'rayatwáí' Under the latter, a man can always throw up any holding that he pleases, but he does so finally<sup>2</sup> In Burma a man can permanently relinquish or

<sup>1</sup> i e, after three years from the Act coming into force (section 11) remain unoccupied, in which case he can apply for it again, but that

<sup>2</sup> Unless the land happens to be is a matter of chance Neither in

he can temporarily relinquish. The procedure for temporary relinquishment consists in making an application to the revenue-officer and publishing a notice. When the original holder desires to return (which must be within twelve years), a new notice has to be published, and he can only re-enter at a convenient season as regards the crop, and on condition of paying for any improvements that may have been made. I am not aware why this provision was inserted, as I am told that it is practically a dead letter. Such applications are very rarely made.

Rules  
82-85

### § 15 *Declaration of Title*

Any 'landholder' can obtain an authoritative declaration that he is such, by applying to have his right recorded in a register provided for the purpose, and getting a certificate of the record. There are provisions in the Act regarding the cancelment and calling in question of such record.

### § 16 *Disposal of Land by Government*

Such being the recognised rights in land, the Chief Commissioner has power to make rules for the disposal of all lands to which this second part of the Act applies, and which are not either already the subject of a grant or lease, and which do not belong to landholders<sup>1</sup>. The existence of 'easements' does not, of course, prevent the land itself being granted, or leased, or disposed of, subject to such existing rights.

Act II of  
1876, sec  
18

The rules for the disposal of lands are found in the Revenue Rules, published in the *Gazette*, and by Notification No 151, dated 4th Sept 1890 (on the authority of section 61 of the Act). I do not propose to describe them in detail. No land that is, or is likely to be, wanted for any State purpose (e.g. land which the Forest Department

Bombay nor Madras has the relinquisher any lien on the land, nor any power of conditional abandonment.

manent disposal or temporary use, but have no reference to toungya cutters: these are dealt with by special rules.

<sup>1</sup> These rules deal with per-

would desire to preserve as State forest) is to be disposed Rule 1  
of, except by lease from year to year, and land within a  
radius of two miles from any town requires a special sanc-  
tion for its disposal. The rules then contemplate (1) the Rule 11  
grant of the status of landholder<sup>1</sup>, (2) the grant of leases  
which are not ordinarily to exceed thirty years. They  
comprise (i) ordinary rules for the disposal of available  
land, with provision regarding the temporary exemption Rules  
from land-revenue of lands leased or granted, and the 1-12  
recovery of arrears of rent, or other dues (including penal-  
ties), (ii) special rules regarding the grant of blocks (not Rules  
exceeding 1200 acres) for planting tea, coffee, *cinchona*, or 13-21  
spices in Tavoy<sup>2</sup>, (iii) special rules for grant of land for Rules  
religious purposes 21-28

Grants and leases require the orders of different grades Rules  
of revenue-officers according to their extent and the pur- 29-33  
pose for which the land is to be put. Thus the Thúgyí  
(Native revenue-officer of a 'circle') can make a grant or  
lease of five acres for cultivation or of half an acre to make  
a tank, a Deputy Commissioner can make such a grant or  
lease up to fifty acres. Leases may also be granted for  
brick-making ground and salt-pans, but only by Deputy  
Commissioners or officers in charge of sub-divisions. Leases  
or grants, in short, can only be made for the purposes  
noted below<sup>3</sup>. There are conditions that the grantee or See Rules  
lessee must be over eighteen years of age, that a certain 34-5  
portion of the land must be brought under cultivation (if  
granted or leased for that purpose) in a certain time. The  
right to minerals is reserved to the Government. Teak  
trees are also reserved, and any transfer of land or mort-  
gage or partition must be reported to the Deputy Commis-  
sioner, under penalty in case of neglect.

<sup>1</sup> The grantee will have all rights of landholder, but on conditions and subject to all limitations, that the Rules require.

<sup>2</sup> Here, as elsewhere, the rules distinguish between smaller grants (or leases) for ordinary cultivators, and undertakings by Companies or

capitalists for commercial cultivation on the larger scale.

<sup>3</sup> Grant or lease { cultivation  
                  { tank  
Leases { burial-ground  
          { brick-making  
          { salt-making

All grants exceeding fifty acres have to be sanctioned by the Financial Commissioner. The procedure in applying for and making grants, the disposal of objections, the form of deed, and other such particulars, must be learnt from the rules themselves.

### § 17 *Exemptions from Revenue*

There are the usual exemptions from revenue for various periods in the case of grants or leases for garden-land and for fruit-tree or palm-groves, according to the time which different fruit-trees require before they yield a return, and in the case of land which will have to be cleared, according to the labour involved in clearing, and any special difficulties which attend reclamation.

This exemption is necessary to encourage settlers, as it is obvious that during the first few years there is little but outlay and expense, and the grantee may not have the means of paying the land-revenue till he reaps the first-fruits of his labour.

### § 18 *Temporary Occupation of Land*

Act II of  
1876, sec  
59, Rule  
58

Where it is not desirable or possible to make either grants or long leases, *temporary or yearly licenses* (renewable at the end of the year) can be given out under the Act, and the Rules made under it. No one acquires any right beyond the year.

A penalty is attached to the unlicensed occupation of waste for *cultivation*, in the shape of payment of an average rate which may equal the highest rate for similar land in the circle, and liability to eviction, but this is a very small penalty, and, in fact, is rarely exacted. A large amount of land is taken up every year for cultivation without license.

The temporary occupation of land for any *other purpose* than cultivation, without a license, is also specifically forbidden, and the penalty may be *double* the highest rate just mentioned, as well as 'summary' eviction, but this also is (at present at any rate) rarely enforced.

Rule 59

§ 19 *Grazing Allotments*

Section 20 of the Act contains a useful provision which somewhat resembles the rules in Berár and Bombay. If it is considered that existing villages would be hard-pressed by disposing of all the land under sections 18 or 19 of the Act, the Deputy Commissioner can allot suitable tracts to be kept (as still Government land) and used for village grazing. Notice of the intention to make such an allotment is given, the land is demarcated, and notified as about to be allotted for grazing, thenceforth it cannot be devoted to any other purpose, and a penalty for cutting trees (or grass during certain months) is imposed. When a Settlement is in progress, the Settlement Officer will indicate places which he thinks should be kept for grazing grounds, under these provisions.

Rules  
76-79

The Commissioner's sanction is required before a grazing allotment can be turned to any other use.

§ 20 *Toungyá cultivation*

I have already remarked that permission to carry on toungyá cultivation is not treated as a question of leasing or disposing of land, and it is not therefore within the scope of the rules under section 18. It is to be dealt with by separate rules made under section 21 of the Act.<sup>1</sup>

Act II of  
1876, sec  
21

In many cases it is absolutely impossible to ignore the practice of such cultivation, but it is wisely left to Government to determine by rule, what right, if any, shall be recognised, and how the cultivation is to be carried on. It will be desirable, therefore, to make some remarks on this system of toungyá cultivation.

§ 21 *No Right is Acquired*

The important feature to be remembered is that the practice of toungyá cultivation is not held to give rise to any right whatever, unless, indeed, some right is expressly

<sup>1</sup> See Rules §§ 60 to 64, and for the 'Karen hills' sub division of the Tounghoo District, Nos 65 to 76.

Act II of  
1876, secs  
7, 22

conceded by the rules made under the Act on the subject For ordinary *toungyá* cultivation shifts from place to place, so that no right in the soil grows up in the soil by *occupation* Moreover, as the forest is burnt and destroyed, it is more than questionable, as a general principle of law, whether any *right* could exist<sup>1</sup>.

### § 22 *Nature of Toungyá Cultivation*

As before remarked, it is the original clearing of the land that, in the Burmese idea, gives rise to a proprietary right, but that clearing should be followed by continuous occupation Now, in the hilly tracts of all the mountain-ranges, it is rarely that land once cleared is permanently occupied, it is sometimes the case, as will presently be noted Speaking generally, the process is everywhere much the same The smaller trees, bamboos, and underwood are cut in the dry season and heaped together, the larger trees are ringed or girdled and so left to die standing At the end of the hot season and just before the rain falls (end of April and first half of May) the dry material is set on fire The ashes mixed with the seed of the hill-rice, cotton, or other crop to be raised, are dibbled into the ground, and the rain, soon falling, enables a fair crop to be raised—with the aid only of repeated weeding

Everything depends on the rain-water, so that it is essential that the *toungyá* should not be on too steep a slope, otherwise the drainage would be too rapid and the seed and soil carried away together

When the crop has been gathered, the site is abandoned for another, which in its turn is treated in the same fashion It entirely depends on the restriction which circumstances place on the migratory movement of the families or tribes, whether the land, once cleared, is again returned to after a long or short period It is so returned to as a rule, but the period may vary

<sup>1</sup> And see sec 11 of the Forest Act, XIX of 1881 Because it is held that no right to do an act of mischief or injury can be acquired

by prescription A man could not acquire a right to clip the Queen's coin, however long he had practised it

The chief factor is the greater or less density of the population in comparison to the area available. If there is abundant space, the same land may not be returned to for twenty, thirty, or forty years, but when the area is limited, as in the Prome hills, the rotation is much shorter and then the jungle that is restored is poorer in character.

In these cases the mischief done is very great, and regulation is essential, otherwise the hills would become absolutely barren. But that is not the only reason, for ordinarily where *toungyá* fields are numerous, no effort is made to prevent the fire, which is kindled in order to burn the refuse, from spreading far and wide over the adjoining forest.

While, however, Government is in theory free to put a stop to this cultivation altogether, it is at the same time bound to exercise a wise discretion in the matter, and therefore the practice has not been suddenly stopped. In certain localities *toungyá* is still the only method of cultivation possible, and some of the Karen tribes are as yet not sufficiently advanced to do without it, nor can it do much harm in places where dry jungle is still superabundant, and there is neither local demand for, nor means of exporting, timber.

In the end, no doubt, what with the increase of population and the growth of a demand for forest produce, the practice will gradually cease as it has done elsewhere. And it is always an object to facilitate this result, by offering every encouragement to tribes to settle down, first, to certain definite limits for their '*yá*' cutting, and in time, to permanent cultivation.

### § 23 *Demarcation of Toungyá Grounds*

In a great many places the selection of State Forests has been made on the hill ranges where *toungyá* cultivation is practised. In these cases it has been the practice to demarcate certain areas for *toungyá* cultivation within the forest. As long as it is possible by '*fire-tracing*,' i. e. keeping belts clear of vegetation, to avoid the spread of fire from these grounds to the forest, the existence of such



areas is no great disadvantage, while the presence of the Karens themselves, who follow this method of agriculture, is a positive advantage to the forests

§ 24 *Custom of Toungyá in the hills between the Sittang and the Salween (Karen hill Sub-division of Tounghoo district)*

It has been stated that no *right* to toungyá is acknowledged except so far as the rules confer it. And, a right, or something very like it, including a transfer of lands within the tribe but not to outsiders, is recognised in the case of certain Karen tribal settlements in which this method of cultivation has been reduced to a system. This curious and interesting custom was first noticed and described by Mr (now Sir D.) Brandis, late Inspector-General of Forests to the Government of India. The interesting point in this tenure is, that here we have a custom of toungyá cultivation which is confined to certain limits, which is based upon a permanent occupation of a definite area, although the people recognise that the State is still the ultimate proprietor of the soil. I shall give a description of this tenure in Sir D. Brandis' own words —

‘In certain districts on the hills between the Sittang and Salween rivers the population which subsists on toungya cultivation is so dense that they are obliged to cut their toungyas on a short rotation, returning to the same piece of ground after a period of from three to seven years. As an instance, I may mention the hills on both sides of the Myit-ngan stream, a southern tributary of the Thouk-yé-gat river. These hills are inhabited by Karens, who live in large villages. The boundaries of each village are most distinctly defined and jealously guarded against encroachment. Twenty-two years ago I had known these hills well, and when I visited them again in February, 1880, I found the same system of cultivation and the same old customs regarding village boundaries and the occupancy of land.

‘These Karens have two classes of cultivation. Along the valleys and ravines are extensive gardens of betel-palms, with oranges and other fruit trees, carefully irrigated and admirably

kept These gardens are strictly private property, they are sold and bought, and on the death of the proprietor they are divided in equal shares among his children Ascending the dry and sunny hill-sides from these cool and shady valleys—with their streams of clear water, the golden oranges half hid by the dark-green foliage, overtopped by dense forests of tall and graceful palms, from the tops of which hang down rich yellow bunches of betel-nuts—a picture altogether different presents itself

‘The slopes are clothed with a vast extent of dry jungle, of grass, brush-wood, young trees, and bamboos, all young, but of different ages Old forest with large trees is only found on the crests of the ridges and lower down on steep rocky ground, where no toungyas are cut, and no crops can be grown Outside these groups and belts of old growth, the forest over extensive areas consists of nothing but dense masses of bamboos, and where these prevail, toungyas may be cut and a good crop reaped once in seven years In other places there is no bamboo, but only shrubs and tall grasses This kind of growth is most commonly found where land is scarce, and the rotation is consequently short—from three to five years only In such places a number of old, stunted, and gnarled trees are left standing on the ground, which are pollarded whenever a toungya is cut The branches and leaves are spread over the ground and burnt In such places the people are most thankful if an abundant crop of tall reed (*Arundo* sp.) grows up, as the stalks of this grass yield a good supply of ashes The whole of this forest is most carefully protected from fire In these hills, if any one sets fire to the forest through carelessness or mischief, the villages claim and enforce the payment of heavy damages If this were not done, the forest would not grow up thick enough to furnish sufficient ashes for the crop

‘Another feature is, that the whole of the toungya grounds of one village are divided into a large number of plots, each plot being owned by one of the proprietors of the village Well-to-do people own from twenty to thirty plots situated in different parts of the village area The boundaries of these plots are marked by trees, by stones, and sometimes by shallow furrows drawn along the slope These plots are sold and bought, just as the plots of the betel-palm gardens, and when a proprietor dies, his toungya grounds, like his gardens, are divided in equal shares among his children I have here

spoken of the people as the proprietors of their toungya grounds. They claim, however, only a kind of imperfect proprietary right. They hold these plots as against each other, but they recognize that the State has a superior right in the land.

'In the dry season, when the time for cutting the toungya approaches, the headman of the village, after consulting the chief proprietors, determines the areas on which the forest is sufficiently advanced and on which the toungyas of the year are to be cut. The area selected for the toungyas of the year is not all in one block, but a village generally cuts four or five blocks a year, each belonging to a number of proprietors. It may thus happen that a proprietor owns no plot of toungya land in the blocks selected during any one year for cutting and burning. If so, he makes an arrangement with other proprietors, and rents some of their plots for the year, the rent being generally paid in kind. There are also persons who, in consequence of the increase in the population, have become poor and own only a small number of plots. Many of them, if they cannot earn the means of subsistence in their own village, emigrate and settle in the plains, where they take to the cultivation of permanent fields.

'All persons who have shares in the block selected for the year, join in the cutting and burning, and the greatest care is taken to prevent the fire spreading into the adjoining forest. The only crop which is grown is rice. Cotton, which is an important crop on the hills of the Pegu Yoma, yields a poor return here, and is not much cultivated. The sites of villages in these hills are not absolutely permanent, they are shifted now and then, but never to any great distance. The larger villages, which have extensive areas, often consist of several separate hamlets.

'A similar state of things to that here described is found in other parts of the hills which separate the valleys of the Sittang and Salween rivers, where the population is dense and the area available for toungya cultivation is limited. But throughout these hills all possible gradations may be observed between the system now described and the migratory system which prevails on the Pegu Yoma and in other parts of Burma.'

## CHAPTER III

### THE LAND-REVENUE SETTLEMENT

#### § 1 *Revenue History*

THE revenue history of Burma is brief and simple. Under the Native rule as under ours, there were two kinds of cultivation to be dealt with—the permanent cultivation which is nearly all rice<sup>1</sup>, and the orchards, palm groves, and gardens which everywhere diversify the country, the shifting cultivation or *toungyá* may be perhaps added as a third class. The latter is necessarily excluded from anything like a Settlement. The area of it is always altering, and cannot, therefore, be the subject of any field survey or record. A tax was usually imposed on the family cutting the *yá* or on the number of ‘*dáhs*’ or knives used in clearing (which means that a fee is payable by every member of the family able to wield the *dáh*). At the present day *toungyá* cultivation is similarly dealt with. There is no land-revenue levied: but every male person of 18 years of age and upwards in each family, which practises this cul-

Act II of  
1876, sec  
33

tivation, has to pay an annual tax. Permanent cultivation in the plains (and elsewhere, where it has been established) need alone engage our attention.

I have already said that the State was entitled according to ancient Burman law to a share in the produce of land. The Burman Government levied what is called a ‘rice-land

<sup>1</sup> In undulating country near the laterite ridges, &c. where the soil is drier or better drained, and on the islands and sandbanks of the Irrawaddy, miscellaneous spring crops, known as ‘*kang*’ crops, are raised to a limited extent.

tax,' but it was not assessed on the land, but generally upon the number of cattle employed in working it. The revenue obtained was comparatively insignificant. The assessment was made by irresponsible subordinate officers who, after paying a certain sum into the State treasury, were accustomed to levy such additional contributions as they pleased for their own benefit<sup>1</sup>

Sir Arthur Phayle<sup>2</sup> thus describes the Burmese system of assessment in the Arakan and Tenasserim provinces first acquired in 1826

After stating that the plan of taxation was different from any known in India, and that it partly consisted in a tax on families, assessed according to their reputed wealth, the minute proceeds—'Land-revenue was not taken by the Burmese Government in all the districts, but where it was established, a fixed amount was put on each plough or yoke of oxen, which amount was paid in silver, or in some districts a rough calculation was every season made of the grain produce in each circle, and the cultivators were required to convey a proportion—generally 10 per cent—of their crop to the Government granaries. It was seldom, however, that any records existed to show the method of assessing the family tax or the amount collected on that item or of the land tax.'

The English officers began, as usual, by following for a time the native method, but after a few years, a measurement of the land was found necessary, and the question arose how the rates on ploughs could be adjusted to the standard of land-measure adopted. In Arakan (and also in the Tenasserim districts) a standard called a '*doon*' was recognized (=  $6\frac{1}{4}$  acres). That was supposed to be the area which answered to the possession of one yoke of oxen (or buffaloes). The thoogyees of village tracts were called on to state what rates per *doon* the village lands could bear, and the result was that large tracts of country had a certain

<sup>1</sup> Directions to Settlement Officers, 1885—Introduction

<sup>2</sup> Minute on Pegu, June 1858,

quoted in the Report on Settlements in Bassein and Henzada for 1883-84

rate per *doon* imposed upon them as the rate for all cultivation. On this primitive principle, rates were obtained for large areas of country often fifty or sixty miles in length and from fifteen to twenty broad. If the rate was low (as it was in some parts) the inequalities that resulted from such wide generalization were not of any consequence. But when (as in Tenasserim) the rates were high and the soil variable, great inconvenience resulted. It was then proposed that there should be a survey, and that the 'kwin' (see p 491, *ante*) should be adopted as the unit of assessment after a proper classification of soils.

The *kwin* formed a convenient unit, comparable in some respects with the 'village' of Indian Settlements. It consisted of a group of lands within known boundaries, and the dwellings of the cultivators were within it, or rather on the banks of the creek or river so often chosen as the natural boundary. Under the early system, for every *kwin* a uniform rate per acre<sup>1</sup> was fixed on all paddy land, no regard being paid to internal differences of fertility. Gardens and palm-groves were dealt with somewhat differently, and a rate per tree might be levied in the case of orchards or groves of palms, and especially on detached trees.

The right of the State was also then fixed at one-fifth of the gross produce valued in money.

## § 2 *Liability of Land to pay Revenue*

The Act declares all previously-assessed and all culturable land to be liable to pay revenue, as well as land which, being culturable when the Act came into force<sup>2</sup>, was rendered unculturable by the subsequent erection of buildings, or otherwise by the act of man. Act II of 1876, sec 23

This, however, does not apply to lands granted revenue-free by the *British* Government, nor to lands which pay by *toungyá* tax, nor to land appropriated to the dwelling-

<sup>1</sup> The British statute acre has been adopted, with a subdivision into decimals of the acre (Rule 86) 2 i.e., 1st February, 1879

places of any town or village, *and* exempted by order of the Chief Commissioner, nor to land belonging to the site of a monastery, pagoda, or sacred building or school (so long as it is used for these purposes) It may happen also that land on which no rights can be acquired may yet be liable to assessment For instance, if in the dry season cultivation is undertaken within the limits of a fishery, or by encroachment on the side of a road, the area will be made to pay revenue, though no right to the land is acquired

Act II of  
1876, sec  
24  
Rules,  
Chap  
XIII

Rule 87

Section 24 of the Act gives power to the Chief Commissioner to make rules regarding the rates per acre or the rates per tree growing on land, which are the forms in which assessment is recognized by the Act It is by rule under this section, that the Government makes provision for lands being left fallow or uncultivated in the course of agriculture, by assessing them at the rate of only two annas an acre (subject to the exception stated in Rule 87)

### § 3 *The Right to a Settlement.*

The Act does not contemplate that in all cases a Settlement of the assessment, imposed according to sanctioned rates, should be made for a number of years It supposes that the rates may be altered every year or otherwise according to circumstances, but it gives persons in possession of culturable land the option of asking for a Settlement The person having a permanent right of occupancy has a right to such a Settlement, any one else can only get it at the option of the Settlement Officer A Settlement being granted, the rates cannot be changed during the currency of the term

Act II of  
1876, secs  
25-6

Sec 29

A settlement-holder can, by giving proper notice, resign his Settlement

These provisions were more required in the first days of our rule, when plots of cultivated land were often scattered, uncertain, and at wide distances apart, and when it was only in certain places that connected groups of cultivated land with large or permanent villages were to be found,

and annual assessment may still be the rule in cases where cultivation is scattered, and where the country is not sufficiently advanced to warrant the introduction of the regular Settlement

Pursuant to the provisions of this law, notifications are issued in the *Gazette* (and will be found bound up with the Settlement Reports) declaring that for such and such 'circles' and *hums*, certain rates are to be the full or maximum rates for a period of years—usually not more than fifteen

#### § 4 *Modern Practice of Settlement*

There is now a regular Settlement Department and a Survey Department, each works separately. In all districts or parts of districts sufficiently advanced to be placed under Settlement, an accurate cadastral survey is being made, with a record-of-rights. The following is a brief description of the procedure of a regular Settlement

The objects of the Settlement are declared in the 'Directions' to be—

- (1) The complete survey of all lands,
- (2) Registration of all cultivators of land, with specification of their various interests under the law,
- (3) An equitable assessment of the land-revenue on sound principles and on a uniform system
- (4) Punctual registration of all transfers and of all changes in the occupation and use of land

It will further appear that the Burma system, though adopting its own distinctive rules of practice, is virtually and in its principle *rayatwānī*, each holding in the *hum* corresponding to the 'survey number' of the *rayatwānī* system of Bombay and Madras, and its holder being severally responsible for his own revenue. And there is something which practically takes the place of the 'relinquishment' privilege, in the shape of special rules as to fallow, and as to relinquishment with right to recover, which will appear further on



§ 5 *Demarcation*

The first step (as in other forms of Settlement) is to demarcate the areas that are to be dealt with

V of A special Act in Burma provides for demarcation

The chief features of the Act are that a demarcation officer puts up the marks, and a boundary officer decides any question that may arise, with the aid of arbitration, if the parties consent, if not, by his own order, subject to appeal

The rules made under the Act give a list of the separate properties requiring demarcation, such are the *kwins*, waste land grants under the old rules<sup>1</sup>, towns, cantonments, internal lots in stations, orchards, gardens, and so forth

For some of these the boundary officer is himself the demarcation officer, for others (cantonment, town, suburban, and civil station lots and internal divisions) the cadastral survey officer is the responsible agent

§ 6 *Estates to be demarcated permanently*

Some of the demarcation is, under the rules, only temporary, by aid of wooden posts bearing distinguishing rings of white paint the object is to indicate boundaries for survey purposes only But all *kwins*, waste land grants, and land 'reserved' as State Forest, as well as *all boundary lines about which there has been a dispute*, require to be permanently demarcated In ordinary cases this is done by sinking burnt clay drain-pipes, or otherwise as may be directed Waste-land grants (those under the old rules) are demarcated by masonry pillars, because they were originally made without any accurate survey, and are therefore often the subject of uncertainty as to their real limits In many of the *Settlement Reports* I find it often noticed that grantees had encroached and claimed much more than they were really entitled to

<sup>1</sup> i e Aiahan (1839-41), Pegu (1863-65), and Rules for sale of Waste Lands, 1863

Rules are made for the inspection and preservation of all marks which require to be kept up permanently

### § 7 *The Kwin*

All the properties requiring to be demarcated and specified in Rule I of the *Rules under the Boundary Act* explain themselves, except the 'kwin' This, as already stated, refers primarily to the local division or group of cultivated lands, but the name is also applied to all separate kinds of estate, and the rules speak of the State Forests as being each a separate 'kwin,' and they mention fishery-land kwins, grant-kwins, and so forth

A kwin of cultivated land will often be a village,—that is, it will comprise a group of fields in one place with a village site in or near it Recognized local divisions are always maintained, but subject to this, the aim is to have the kwin form a group of land of from 1200 to 1300 acres in extent, and to make use of conspicuous natural features for kwin boundaries wherever it is possible Very often strips of uncleared jungle separate kwins, and sometimes a considerable extent of such jungle

### § 8 *The Survey*

When the boundaries are arranged, the survey is carried out It is a professional one and under the superintendence of an officer directly subordinate to the Surveyor-General of India<sup>1</sup> It results not only in field-maps which show the details of cultivation and occupation at the time<sup>2</sup>, but

<sup>1</sup> 'At the same time there is necessarily a close connection between the Deputy Superintendent of Cadastral Survey and the Settlement Officer Each naturally is interested in the operations of the other, and the interdependence of the two is highly important' (See *Directions*, p 30)

<sup>2</sup> 'The area of the county to be surveyed is first divided into great blocks or main circuits, the limits of which are generally connected with Great Trigonometrical Survey

stations These main circuits are subdivided into minor circuits formed on the same principle The county having thus been divided into a series of larger and smaller polygons, the area of each larger polygon and the areas of its included smaller polygons, are independently calculated, and the results proved by the total area of the latter agreeing with that of the former From the smaller polygons the Surveyor next proceeds to plot skeleton plans of the kwins These

also in topographical maps on a scale of one or two inches to the mile. These field-maps are afterwards kept up to date by the thoogyees of circles, who, as we shall see, are bound to make additions and corrections which show newly-formed fields, and new internal divisions caused by transfer, succession, and partition.

### § 9 *Tract-classification and Soil-classification*

As under other systems, a careful inspection of the land is of the first and most continuous necessity during the progress of the Settlement. *First*, tracts of country having the same general character and conditions are separated off. One, for example, will be marked out by the limits within which a railway affords an easy transport for its produce, another has no convenient market, one will embrace plain country fully cultivated, another is full of jungle, or has poor and hilly soil. This latter is a frequent feature, for beyond the deep clay of the river valleys, we often come, towards the foot of the hills (the Pegu-Yoma for instance) to undulating laterite ridges on which the 'eng' tree (*Dipterocarpus tuberculatus*) grows, and the generally reddish soil, sometimes mixed with sand towards the edge of the plain, is called 'Eng-dain'. In some places the population is abundant, and there is a surplus of produce for export, in others the country is malarious, and the little produce that is grown finds a sale to the non-agricultural population.

*Secondly*, there is the classification of soils, inside each tract there will be varieties of soil on the different 'kwins', clay that is not exhausted by even so many years' rice-cropping, clay that needs to lie fallow after ten or twelve years, laterite and sandy soil that is easily exhausted, ridge-soil on which 'dry' spring crops may be raised, there will be deep clay in the basin, and poorer clay on land rising toward a

plains are handed over to the field surveyors, who, with plane table and chain, fill in all the interior details and turn out a plan of

the kwin showing every existing boundary, natural and artificial' (*Directions* (Settlement), Chap II § 11)

ridge, and so forth. One or two classes will probably be found sufficient. The object is that an uniform rate should be laid upon the same kind of soil in the kwin, just as it is desired that the same soil-rates should be adopted throughout the tract that has uniform general conditions<sup>1</sup>

The object of the first or *tract* classification is to ensure that the assessment shall be such that cultivators living

<sup>1</sup> The subject of inspection and classification is treated of in Chap V of the Directions

As an example from 'real life' I quote the following soil description of Thonzeh, which is part of the Tharrawaddy district, some forty or fifty miles above Rangoon (*S R* of 1881-82, pp 17, 18) —

"The soils vary from stiff clay, which is the best, to sandy "*eng-dang*," (i.e., laterite soil, where the *Dipterocarpus* tree grows) which is the worst. As regards lasting power, it appears that clayey soils last practically for ever. I have seen no instance of a good clay soil suffering from exhaustion. The cultivators in some parts of Kyaynee circle complain that owing to the richness of the soil, the crop comes up too rank for the first two years, and consequently is liable to be blown over and damaged. These people state that a rich clay attains its best state after ten years' cultivation, and thereafter shows no deterioration, sandy and *eng-dang* soils, on the other hand, deteriorate rapidly. After five years' cultivation they will have been properly levelled and embanked, and will then give their best crop. But after other ten or twenty years a marked depreciation is visible.

"Taking the country as a whole, there is a great uniformity in soil. Though the extremes of first and second class are widely apart, there lies between, a great amount of land which is exceedingly difficult to class, as it would form either a good second or a bad first. It is also very hard to draw the line between first and second class when they gradually merge into each other, and the difference between

them is not very great.

"There is in many cases more to be said for the old rule that land in the same kwin should bear the same rate than that at first sight would appear. Kwins vary in physical features, but the typical kwin may be said to be a block of land lying between two streams. The cultivators' houses are on the banks of the streams. The best land is the lowest,—namely, that in the centre of the kwin, and the worst is the highest,—namely, that adjacent to the streams. Such a kwin would be divided into soil classes by lines parallel to the creeks, but this division is objectionable on three grounds—

- (1) the land near the stream is close to the cultivator's dwelling, and he has not, like many of those in the interior to bear the trouble and expense of a temporary hut during the ploughing season,
- (2) though the land on the banks of the creek may yield a poor crop, it is very useful as a nursery,
- (3) there is probably along the bank of the stream a certain amount of waste land on which the cultivators have been accustomed to tether their cattle during the rains, and which, being small in extent and in scattered patches, cannot be conveniently taken up as a grazing ground, but which may, nevertheless, be very useful. The lower rate on the banks of the stream is a direct inducement to the cultivator to extend his holding so as to include this land.

under approximately equal conditions should be as equally taxed as possible, or as the 'Directions' (§ 102) put it—

- (a) that each cultivator shall pay, approximately, an equal proportion of the produce of his cultivation,
- (b) that each may enjoy approximately an equal rate of profit for his cultivation,
- (c) that thereby the cultivation of both bad and good land may be rendered profitable,
- (d) that in this way the land revenue may be rendered elastic and capable of steady growth with increasing prosperity

The *tract* classification should have the following characteristics —

- (i) it should take account of all matters which affect the value of land,
- (ii) it should, as far as possible, be in harmony with the ideas of the people,
- (iii) it should be susceptible of application in all future revisions of assessment

### § 10 Assessment — *Half Assets*

Act II of  
1876, secs  
23, 24

The general law under which (1) agricultural land, and (2) produce of trees or orchards, &c, are assessable, is found in sections 23 and 24 of the Act II of 1876

Directions,  
§ 139

The assessment on cultivated lands (rice and other crops) is made at an annual money rate, fixed per acre, and to continue unchanged for a stated period, ordinarily not less than ten or more than fifteen years. The older theory was that the State was entitled to 20 per cent or one-fifth of the gross produce of land. The modern rule is that one-half the 'net profits' may be taken. It is said that there may be two kinds of 'net produce'—

- (a) balance of the gross produce after deducting the cost of cultivation only,
- (b) balance of the gross produce after deducting the cost of cultivation and also the cost of living

It is the 'net produce' under (b) that is selected as the

standard, the half of which may constitute the State share. In order to ascertain this net produce, we have to observe, by experiment, the gross produce actually reaped and threshed out, from sample areas selected so as adequately to represent the different soils in the *kwin*. Detailed instructions for this process are contained in Chapter III of the 'Directions'

The object is to get a normal produce for the *kind* of land to which the selected area belongs, and also to get the produce of the same *kind* of land under *different conditions* of agriculture

A normal limit of production, higher and lower, being ascertained, a mean between the two is accepted as approximate for the whole area represented by the sample

This method is not applied to gardens or orchards, nor to miscellaneous cultivation known as '*kaing*'. Here reliance must be placed on average rates deduced from produce statistics 'gathered from as wide and diversified areas as possible'

The *value* of the produce is next ascertained by taking an average price of rice at the local rate during three months after harvest. This may be ascertained by taking the market or export rate and allowing for the cost of transport by cart or boat. As the tracts have been classified according to their similarity of position, one price will ordinarily represent a whole tract. Then the cost of production is calculated. This, as above stated, consists of the cost of living, *plus* the cost of ploughing, cattle, and the different operations up to the threshing of the crop<sup>1</sup>

<sup>1</sup> The *Directions* may be quoted on the subject —

'125 The inquiry regarding cost of cultivation is not so simple. The cost of cultivation is known to vary considerably in different parts of the country and among different classes of the people. Some cultivators work their land themselves with the aid of their families, others habitually employ hired labour. Some plough with their own cattle, others hire cattle. In

some parts of the province the mortality of cattle, and therefore the risk incurred in cultivation, is greater than in others. Certain classes are frugal, others are improvident.

'126 In order to arrive at a fair average scale of cost of cultivation, it is necessary that the higher and lower limits of this cost, as well as the circumstances under which they are incurred, be ascertained. No effort should be spared to obtain

In the *Bassein Settlement Report* of 1879-80<sup>1</sup>, there is an interesting calculation of the cost of clothes, food, &c., which gives a good idea of the Burmese cultivator's style of living—as far as the necessaries of life are concerned. Then the cost of cultivation includes the purchase of cattle, and as the cattle last for a certain number of years, the cost for one year is the whole price divided by that number. There is also the cost of reaping, weeding, threshing, &c. Deducting the cost of production from the gross output valued in money, we have the net profit, one half of which is the limit of the Government demand<sup>2</sup>.

It is obvious that the average amount of produce may vary in the different classes of soil, if these have been correctly observed, and the cost of cultivation and cost of production will vary in the different assessment tracts.

### § 11. *Use made of the Calculation of Produce and Costs*

This calculation is rather a theoretical basis or standard of comparison than a process which gives rates that can at once be adopted.

In all the recent *Settlement Reports* that I have examined, the calculation is made and reported, but I have not observed any case in which rates deduced have been actually proposed for assessment purposes. The theoretical rate invariably comes out too high, and the actually proposed rate is somewhat (occasionally a good deal) lower. The fact is that, as we have seen in other Settlements, no hard-and-fast rule of assessment is possible. There are (in all modern Settlements) previous rates and those in force in the Settlement just coming to an end, to be considered, and there is generally the probability that, the district

as large a number of cases as possible from among all classes of the people and over the entire area of the country under Settlement'. The information collected is put together in a tabular form.

<sup>1</sup> I should have noted before that the later Settlement Reports do not appear (as in some provinces) for whole districts, but they are

issued for the 'circles' settled in each year.

<sup>2</sup> Miscellaneous crops like sesamum, &c., are not calculated in this way, nor gardens. These form but a small proportion of the cultivated area, and for arbitrary rates are selected, single trees bearing fruit are assessed usually at four to six annas each.

having advanced and prices risen, the last rates may be fairly raised, but there is the question how any considerable rise will affect cultivation, how far prices are likely to rise or fall, how far former rates have been collected without difficulty, i.e. resort to coercive process, and finally, there is a comprehensive view to be taken of the circumstances and condition of the particular circle or tract under Settlement, based on a thousand facts and considerations which pass before the mind of an experienced officer familiar with the place, these produce in his mind a sense that certain rates will be too high or others too low this he will endeavour to justify in his report, and he will probably be right even if he cannot explain himself fully in words

In short, the full half will not always be taken It is of no use to propose rates which would compel the people to lower their standard of living Again, large families cultivating small holdings cannot usually pay as much as small families cultivating large holdings, and holdings containing no waste, and therefore incapable of expansion, cannot so easily bear a full charge as those in which there is room to extend cultivation<sup>1</sup>

<sup>1</sup> The text of the 'Directions' on this subject is as follows —

'139 But before proposing rates for sanction, the Settlement Officer should consider the following points —

- (a) incidence of the present revenue,
- (b) amount of the present revenue,
- (c) probability, or the reverse, of continuance of the existing value of produce,
- (d) average size of the holdings of the agricultural families,
- (e) margin of waste left for increase of cultivation,
- (f) general condition of the people,
- (g) probable effects of increase of population, ascertained by consideration of the changes wrought by increase of population in the past

'140 If, after considering the

effect of an assessment at the full half profit standard, the Settlement Officer has reason to think that a modification should be made in the rates, he should show, alongside of the full rates those rates which he recommends, and should give a clear statement of his reasons

'141 It is of primary importance that no such enhancement of rates should be made as will impose on the people the necessity of lowering their standard of living or curtailing their common comforts No people can be expected to live contentedly under burdens which impose such a necessity

'142 Large families cultivating small holdings cannot ordinarily afford to pay so much as small families cultivating large holdings, and under existing conditions, cultivators in tracts where the limit of cultivation has been



§ 12 *Cesses*

Besides the rates assessed on the land, a cess (amounting to 10 per cent on the land-revenue) has to be paid (this is like the local rates of Indian Settlements) The object is to form a fund to provide for district roads, the district postal service, village police, sanitation, and education

(Repealed) This cess was formerly levied (to the extent of 5 per cent) under the Land Revenue Act, but sections 31 and 32 have been repealed, and the terms '5 per cent cess' and 'cess' have been struck out of the Act wherever they occur, and a special Act now provides for the levy of the rate and for its application

Act II of 1880  
secs 31, 32, Act II of 1876

Act II of 1880  
secs 3 4

§ 13 *Capitation Tax.*

Again, besides the land revenue and 10 per cent cess, a 'capitation tax' is paid by all males between the ages of 18 and 60 years The rates are fixed by the Chief Commissioner within certain limits laid down by law There are also certain towns specified in the Act, and certain others allowed by the Chief Commissioner, which, within defined limits, pay no capitation tax, but a rate on land within their limits, instead

Act II of 1876, sec 34

§ 14 *Record of Rights in Land*

The Settlement Officer has also, with the aid of his special staff, to make out a record of all rights

The maps give him the area cultivated as divided into fields (each field being separately numbered), and the area unoccupied, the map also shows the grouping of land according to occupation,—whether it is a waste-land grant, an occupied village, a road, a village site, a monastery site, unoccupied waste, forest reserve, and so forth The Settle-

reached, or nearly reached, run more risks than those cultivating in parts of the country where there is ample waste still available

'143 Nowhere would the effects of any real disturbance of the equilibrium of taxation be felt more keenly or be more mischievous

than in Burma The stability of this equilibrium must depend in great measure upon the pressure of the land revenue Due weight, therefore, to all the considerations above described is indispensable in order to secure a just assessment'

ment Officer has to record the area of land held by each cultivator and the tenure by which it is held<sup>1</sup> The two main classes of land tenures are the 'landholder's,' already described, and the 'grantee's' tenure There may also be an occupation under a terminable lease, or under a temporary permission to cultivate, but these are non-proprietary The leases here spoken of are leases by the State

The following nine registers are kept up for each kwin No I (register of holdings), by whom and on what sort of tenure, the land is held, and what sort of cultivation there is, and if there are fruit trees<sup>2</sup> No II gives the abstract of unoccupied and excluded lands, such as grazing ground, village site, sacred places, road, canal, &c, bush and tree jungle, grass jungle and 'under water' No III is a record of declarations and decisions as to landholder's right No IV is a register of grants, with a reference to Register No I, a detail of the part uncultivated, and the number of years' exemption from revenue It refers only to grants under Act II of 1876 No V is a register of leases, under the two heads of land leased under section 18 of the Act, and land leased because relinquished by some one else No VI is a register of tenants Nos VII and VIII show the grazing grounds and the garden and miscellaneous cultivation in the kwin, respectively No IX is the register of soil classification it shows first class and second class land (see 'Directions,' § 115) The registers are kept in Burmese

'Holdings' are groups of land in a kwin, assessed to one sum of money, and may consist of several fields contained within a continuous boundary Old waste-land 'grants'<sup>3</sup>

<sup>1</sup> If there is a dispute as to which of two persons is entitled, or what sort of right, if any, a claimant has, Settlement Officers are empowered (sections 15 to 17 of Act II of 1876, and Notification No 5, dated 6th October 1879) to inquire and decide on evidence A declaration of landholdership is then recorded in favour of the party en-

titled Entries made in the register of such declarations are binding on the Civil Courts (See further, see 17 cl 11)

- This is described as the principal register, which 'should be a faithful picture of the kwin for the year of Settlement'

<sup>3</sup> 1 e under rules of 1839-41-65 It is a point of difference that the

Act II of 1876, sec 17

Sec 12

are always reckoned as each a separate *kwin*, not as holdings

*Disce-* The register of tenants is not a legal record of rights, but  
*tions, § 65* it is kept up for official and statistical purposes

### § 15 *Tenant-Right*

There has been no occasion yet for any law about tenant-right, but the progress of agriculture and the material wealth of the country naturally lead to the wealthier men abandoning cultivation themselves and giving over their land to tenants who cultivate for them, paying a rent which in some parts commonly consists partly of a cash payment, viz the amount of the Government revenue, and the rest in kind,—a tenth of the gross produce, or, in other parts, of a cash rate agreed on (see p 492, *ante*)

The land-system in Burma not having created any artificial landlord over the estates, but dealing with the individual holdings and their occupiers, there has been no occasion for sub-tenures representing natural rights in the soil in subordination to the superior title. Any tenancies that arise are therefore necessarily based on custom or on agreement between the tenant and the landholder or grantee<sup>1</sup>

‘grint *kwin*’ has always one ‘proprietor’—the grantee—and all under him are tenants. In an ordinary *kwin* (or village) there may be many landlords, &c

<sup>1</sup> On the subject of tenants, the following extract from a report on the well to do district of Thura-waddy may be quoted as explaining what is generally true—

‘It has been proposed to restrict by legislation the right of free contract between the landlord and tenant on the ground that it has been found necessary to do so in older countries. I am convinced that there is not in this district the slightest necessity for any legislation. The landlord and tenant classes differ from those in India and at home in the following respects—

- (1) They are members of one social class, and they are both accustomed to one standard of living
- (2) The land is let from year to year, and fifty of tenure is unknown
- (3) There is no necessity for expending capital on land after it has once been cleared, and consequently there are no questions of compensation

‘If the tenant-classes had from generation to generation become accustomed to look upon the landlord’s property as their own natural home, there might be good reason for treating a tenancy contract in a different way from other contracts but, in a system of peasant proprietors, where the customs that I

§ 16 *Joint Responsibility*

In Lower Burma there is no such thing as a joint responsibility of a kwin for the entire revenue assessed on it. This was, as I before stated, attempted in some places, but was found a failure and was abandoned, every man is responsible for his own holding. A holding is, however, often held jointly by the heirs of an original deceased owner. As long as it remains joint, the names of all the owners are entered in the thugyi's books. And when such persons have been jointly in occupation of land liable to land-revenue, cess, or tax in lieu of capitation, during the year, they are jointly and severally liable and so are all joint tenants, mortgagees, or conditional vendees.

When partition takes place, and the shares are separated, the assessment is apportioned also, so that each share becomes a separate and independent holding.

There is also a joint and several liability on all males of the family who, at any time in the year (being then 18 years of age), took part in the cultivation, in cases where a tax is levied (as it may be in the case of *toungyá* cultivation) on the family.

Act II of  
1876, secs  
37-8

have pointed out exist, it is difficult to see what grounds could be given for the interference of legislation, and to understand what form legislation could possibly take. There was not a single case of litigation between landlord and tenant in the Tharrwaddy district during the past year.

In another report the same author writes (*Settlement Report*, 1880-81, p. 12) —

'A temporary sickness, a lawsuit, or the death of a wife, is considered by a Burman a sufficient reason for resting from labour for a year, provided he is able to find a substitute who will pay the revenue on the land and give him a share of the profits.

'There are few landlords who habitually lease out their land and

have no connection themselves with the soil.

'The expression "tenant class" suggests that there is a landlord class—a class who have themselves no connection with the soil that belongs to them, further than that they habitually lease it out for the rent that can be drawn from it. This is not the case with the majority of the landlords in the tract under Settlement. In nine-tenths of the areas the owner has leased the land for one season, because for some reason he has been unable himself to cultivate it, and he has leased it, not to a man of a separate class and social standing from himself, but probably to the owner of adjacent land.'

§ 17 *Record of Customs*

Directions,  
Chap IV,  
§ 98

During the preparation of the record-of-rights, opportunity is taken to draw up a note of *village customs*, in regard to succession and transfer, in regard to managing joint holdings, partition of holdings, boundaries (e g who owns the strip between holdings), and who has the right to break up waste in the holding, also in regard to rights-of-way, cattle-paths, rights to jungle produce, fruit-trees, who is to be headman (Ywá-lú-gyi) in the Kwin, and how succession to the office is regulated, how pagodas, zayats or rest-houses and other public buildings are repaired and maintained, &c, &c.

A note should also be added giving the history of the kwin, especially noticing various revisions of revenue rates, chief varieties of produce, customary mode of selling produce, and current local price of chief products

## CHAPTER IV

### THE LAND-REVENUE OFFICIALS AND REVENUE BUSINESS

#### § 1 *Financial Commissioner and Commissioners*

THE district organization is in many respects like that of any Indian Non-Regulation Province. First, and directly under the Chief Commissioner of the Province, there is a Financial Commissioner, and then Commissioners of Divisions. The powers of officers are declared and notified. The Financial Commissioner has the general control and may call for the proceedings of any subordinate Revenue Officer and review any order or decision therein. Commissioners have the same power within their divisions.

Act II of 1876, sec 57  
Rule 159  
Act II of 1876, sec 57 (f)

#### § 2 *Deputy Commissioners*

Under the Commissioners are the districts, each in charge of a Deputy Commissioner. As the districts are often large, there may be primary sub-divisions in charge of Assistant or Extra Assistant Commissioners<sup>1</sup>. Every district, however, is divided into 'townships,' and each township is presided over by an Extra Assistant Commissioner, or by a 'Myo-ok'. The township officer, like the Assistant and Deputy Commissioner, has civil, criminal, and revenue powers.

#### § 3 *The Thúgyí*

Every township again is made up of 'circles,' each presided over by a 'Thúgyí' as its local revenue official. The

<sup>1</sup> The sub divisional officer may within his subdivision (Rules, 131, 2)  
be invested with all or any of the powers of a Deputy Commissioner

duties of the thúgyí—in dealing with applications for land, or for relinquishment, preparing the annual rolls showing the land-revenue for the year due from each kwin in his circle, looking after the collections, and so forth,—will be found in the Rules, and in ‘Directions to Revenue Officers concerning the Supplemental Survey,’ Chapter IV. The Thúgyí may have an Assistant called Taik-Sayé. The remuneration of the Thúgyí by commission on his collections, is provided by the Rules, as also his liability to penalty for misconduct

Rules  
40-54,  
82-3,  
92 6  
116

Rules  
155-58

#### § 4 *Village Headmen*

There are executive headmen of villages called ‘Kyédángyí’<sup>1</sup>, but they are chiefly the spokesmen of the villages in their dealings with the authorities. The kyédángyí has no revenue functions, nor has he any responsibility like the lambardárs of a North Indian village, nor consequently does he get any percentage on collections, though he may receive a small remuneration or a grant of land. But, as a matter of practice, he does give the Thúgyí of his circle considerable help in collecting the revenue of the kwin. The headman of a village is consequently not mentioned in the Revenue Rules. He is, however, an important functionary from a police point of view. He forms part of the rural police, and his duties are to report crime and the arrival of persons of suspicious character to the ‘goung,’ or headman over a ‘circuit’<sup>2</sup> (Police administrative group). He has also to help public officers when in camp, and to keep up certain registers of births, deaths, and marriages, and to help when required in collecting and registering vital statistics. The headman is liable to certain penalties for neglect or misfeasance, but a prosecution cannot be instituted against him without the orders of the

Act III of  
1889, sec  
4, and see  
sec 18

Act III of  
1889, secs  
5-12

<sup>1</sup> These are the official headmen, the ‘local’ or social headman is the ‘Ywa-lu-gyí’

<sup>2</sup> I have quoted Act III, 1889, as modifying Act II of 1880, but the principal sections of the former only come into force in such parts

of the Province and at such dates as the Chief Commissioner notifies. Where this notification is not issued secs 12-14 of the Act II of 1880 still define the duties (Act III of 1889, sec 1 (d))

Deputy Commissioner There are also certain rules regarding the limit of time and giving notice in case a civil suit is filed against a headman regarding his official acts, Act III of 1889 for which the Act must be consulted

### § 5 *Revenue Duties in Circles which are settled*

One of the first objects is to keep up the Settlement survey maps up to date The cadastral survey has furnished maps of each kwin (on a scale of sixteen inches to the mile) and the area statements (equivalent to the *shajra* and *khasra* of North Indian Settlements) There are also the Settlement records above described Some of the facts recorded, e g the boundaries and total area of the kwin, do not change, but inside the kwin, the lines are altered continually Jungle or waste land is brought under cultivation, boundaries of holdings altered by enlargement, transfer, partition, and so forth, and if the maps and records were not kept *au courant* with these changes, they would, in a few years, become so incorrect that when the time came round for a revision Settlement, the whole survey might have to be done over again<sup>1</sup> Moreover, there would be a difficulty in correctly preparing the annual assessment lists

In order thus to maintain the records, the 'Supplementary survey' is a recognized branch of Revenue business, under the supervision of the Director of Land Records and Agriculture

The work consists in the annual correction of a copy of the original kwin map, and the maintenance of eight Registers, six of which are annual<sup>2</sup> The chief of these is what I

<sup>1</sup> *Directions to Revenue Officers concerning the Supplementary Survey* (July 1885) *Inspection*, Chapter III

<sup>2</sup> *Directions (Supplementary Survey)*, pp 3-5 The additions, &c. to the map consist of—

- (a) Survey field by field of all extensions of cultivation
- (b) Delineation of new boundaries in fields which have

been subdivided

- (c) Numbering new fields caused by (a) and (b)
- (d) Lining off with coloured pencil the boundaries of any holding that has been changed
- (e) Delineation of new objects, houses, tanks, &c



may call a Comparative Register of Holdings, as it shows on the left hand columns of the page, the *status quo* at the beginning of the year, and then on the other parts or groups of columns, the changes during the year, both as to area and assessment, under the heads 'Increase' and 'Decrease,' and the resulting state of things. A fourth set of columns shows the area occupied by tenants, agents, mortgagees, &c, and the revenue payable thereon.

The second Register shows grants made during the year, the third shows the leases as these may consist of lands leased for a term or such as are temporarily relinquished by landholders, and may revert to them within twelve years, it is necessary to keep them separate from the grants.

The fourth Register (tenants) is important, because otherwise a tenant right would become confused with a landholder's. The *Thú-gyí* used generally to collect the revenue from the tenant direct, and therefore put him on his list as if he were the landholder, in this way confusion arose. It is to be remembered that the landholder is still in 'possession' under the Act, although his land is actually worked by a tenant. Agents not paying rent are not shown in the Register.

The fifth Register, showing transfers and partitions, needs no remark. The sixth is an annual area statement, it shows the fields which have been altered or newly formed during the year, with new numbers to replace the old ones in the original statement. Registers VII and VIII call for no special notice. These do not always alter, but as new persons acquire the status of landholder and new grazing grounds are allotted, additions may have to be made.

The *Thú-gyí*, or his assistant (whose appointment is so regulated that he may be a competent surveyor) carries out the supplementary survey and enters the necessary changes on copies of the Settlement maps, he also keeps up the first four of the registers. A 'Superintendent,' appointed under the orders of the Deputy Commissioner, checks the work

with the aid of 'Inspectors'.<sup>1</sup> The Superintendent of Land Records himself keeps the seventh and eighth Registers

The Thú-gyí is furnished with what the 'Directions' call 'tax-tickets,' or counterparts of the roll for each holding, on the strength of which he makes the revenue collections

### § 6 *The Agricultural Year*

The agricultural year in Burma begins on the 1st July, but the date may be changed. Any increase in rates, &c., Act II of 1876, sec 41, and Rule 89 only takes effect from the 1st July following the date on which it may be ordered

### § 7 *Collection of Revenue*

The revenue assessed on land is payable by instalments, which at present are due on the 15th February, and for 'kaing,' or miscellaneous cultivation, on 1st April. The Rule 90 Chief Commissioner is empowered to fix (in any district or part of a district) any date not later than the 15th March for payment of revenue on land other than 'kaing' cultivation. Revenue is payable to the Thú-gyí of the circle Rule 91 in which the land is situated

The Thú-gyí has to prepare an annual roll, showing the changes during the year, and the resulting amount actually payable, allowing for fallow specially assessed at two annas an acre. On sanction by the Deputy Commissioner, 'tax-tickets' are prepared and served on the persons liable. No revenue is demanded except after the issue of a tax-Act II of 1876, sec 44, Rule 94 ticket. For all revenue paid a receipt is given. Objections to pay must be filed within ten days, to the Township Officer, who reports to the Deputy Commissioner or to the officer in charge of the Subdivision

For the rules about capitation tax, and the land rate imposed in lieu of it, and for other particulars regarding exemption from capitation tax in favour of certain classes and of immigrant settlers, the Rules must be consulted Rules 109-117

<sup>1</sup> *Directions, Supplementary Survey*, (Chap III) This is in effect the same organization as we have found in so many provinces—the 'inspectors' are the 'Kanúngos' of Northern India and the 'Superintendent of Records' is the Head or District or Registrar Kanungo

### § 8. *Recovery of Arrears of Revenue — 'Defaulter'*

Act II of 1876, secs 43 51 A person is in arrears and becomes a defaulter under the Act, when a written notice of demand having been served on him (or published under the rules if he cannot be found), the demand has remained uncomplished with for ten days

Rules 100-104 The ordinary process for recovery of arrears of revenue is that of the Civil Procedure Code for the execution of decrees, in which the Revenue-officer who has made an 'application' containing certain particulars, is the 'decree-holder,' and the defaulter is the judgment-debtor. If the amount does not exceed R 1000, there may be an order for immediate execution<sup>1</sup>, which will greatly facilitate collection of all petty sums of revenue, and the Revenue Act dispenses with a preliminary issue of notice in the case of a defaulter who has absconded or is about to abscond

Sec 46 In addition to, or instead of, this procedure, the Chief Commissioner may empower any Revenue-officer to proceed Rule 103 against the land itself. By rule it is directed that recourse should be had to this section in case of 'contumacious default,' or where there is no likelihood of the amount being otherwise recovered. If there is a permanent heritable and transferable right in the land, it may be sold by the Township or the Subdivisional Officer, and the purchaser takes the land free of encumbrances. If there is no saleable right in the land, the Revenue-officer may take possession of the holding, which then vests in Government free of all rights

Act, sec 48  
Rules 104-106  
Rule 107

### § 9 *Remission of Revenue*

This may be granted, before a crop is reaped, when destruction has been caused by drought, inundation, blight, ravages of insects, or other cause not ordinarily preventible. Remission of the whole is granted for a total or nearly total loss of crop, and for a part, in proportion to the fraction of the crop lost provided that no remission is given unless the loss exceeds one-third of the 'estimated ordinary full crop of the holding'. Remission must be applied for in

'Directions,' containing Revenue Notification No 152, 4 Sept 1890

<sup>1</sup> Civil Procedure Code, section 256

writing to the Township officer direct (or through the *Thú-gyí*) by a certain date. An inspection is made, and the case reported to the Deputy Commissioner. If the remission is large, the Deputy Commissioner should himself inspect the land. The final sanction rests with the Commissioner, and in certain cases with the Financial Commissioner.

### § 10 *Procedure and Appeals in Revenue Cases*

The Act<sup>1</sup> gives powers, similar to those found in other revenue laws, to cause the erection, maintenance, and repair of boundary-marks. Sec 54

Provision is made for advances to agriculturists, like the 'taqávi' in India. Rules 145 54

All orders passed by revenue authorities below the Commissioner are appealable, and the Financial Commissioner has a general power of revision, the Act leaves it to the 'Rules' to decide details, but mentions a number of important revenue subjects on which final orders are not to be passed by an officer of lower grade than a Commissioner. Rule 144 Act, sec 55

These rules, regarding appeals and procedure generally, do not need any explanation. Rules 126-30, 141 144

<sup>1</sup> See also Act V of 1880, sections 22-27, regarding the cost of boundary marks, their repair and main-

tenance. As regards inspection of permanent marks twice a year, see rules under the Boundary Act.

## CHAPTER V.

### UPPER BURMA

#### § 1 *Annexation and Principles of Administration*

WE now leave the districts of Lower Burma, in order to notice the system adopted for the management of the large and important area of Upper Burma added to Her Majesty's dominions by the Governor-General's Proclamation of 3rd March, 1886<sup>1</sup>.

It will be observed that the order simply annexes the country 'to the dominions of Her Majesty the Queen-Empress', it does not unite them to any province or presidency previously existing. But they have been naturally placed under the administration of the Chief Commissioner of Burma.

In the official papers it is clearly indicated that the object is ultimately to assimilate the Law and the Government system with that of Lower Burma, but that under existing circumstances a simpler form of administration is indispensable. The annexation was therefore so ordered that the province does not come under the Indian Statute Law, but is subject to the Act 33 Vict. Cap. 3, under which 'Regulations' for its administration have been passed. As regards the Revenue administration, the local or native methods of revenue collection and assessment, and the local

<sup>1</sup> Published in the *Burma Gazette* of March 6th, 1886 (Part I p. 89). A preliminary proclamation temporarily assuming the Government during Her Majesty's pleasure, had been issued on 1st January, 1886, but that quoted is definitive. Upper Burma has an *estimated*

population of four millions. It is in great part covered with jungle, and is entirely without roads and undeveloped. But its resources are considerable, and what it wants above all are settled government, improved communications, and a larger population.

administrative divisions, were directed to be maintained in the first instance, and the native officials to be employed where possible. The 'Shán States' are under her Majesty's suzerainty, and 'will be treated as tributary or feudatory States, without attempting to bring them under any direct administrative control.'

As regards the British districts, it is probable, therefore, that, as time goes on, changes will take place, and especially in the Revenue administration.

## § 2 *Boundaries*

At present the map which I have prepared does not show definitely the boundaries of the province nor of the districts. It must be a work of time and of the development of local conditions, to settle all these matters, any hasty or artificial delineation of external territorial boundaries, would be productive, in the future, of very great inconvenience. As to internal boundaries, they will settle themselves in time.

The country was already naturally divided into territories, which have become British districts, each under its 'Deputy Commissioner'—seventeen in number.<sup>1</sup>

As each of these Deputy Commissionerships consists of a certain number of 'circles' (taik), aggregated again into a number of 'townships' (myo), and the limits of the circles and townships are traditionally well known, the question of boundary between district and district will in time be easily settled, and a survey will follow.

## § 3 *The Official Staff*

The hierarchy of official orders may therefore be conveniently here summarized. It will be observed that, both

<sup>1</sup> At first fourteen were named nor was it originally proposed to have Commissioners of Divisions. But this latter intention was, fortunately, not persisted in. Commissioners—especially where the Central Government is necessarily remote—are relatively more needed in the early years of an administration than at any subsequent time.

The Government issued in January, 1886, a detailed note of instructions as to the principles of Administration. This note together with a concise history of the annexation and its causes, will be found in the Governor-General's despatch (Public), No 52, dated 19th Oct 1886, to the Secretary of State, printed in the Parliamentary Blue book 'Burma,' No 1 (1887).

as regards the division of districts into 'townships' and 'circles,' and as regards the titles in use, the general organization of Upper Burma closely resembles that of the older districts. The Chief Commissioner is the head of the administration, and the Financial Commissioner has the chief Revenue control. Under him are the four Commissioners of the Northern, Southern, Eastern, and Central Divisions, who divide among them the supervision of the (seventeen) districts.

Under the Deputy Commissioner of the district are the 'Myô-ôk,' or executive heads of 'townships'—resembling the 'tahsildar' of India, and invested with judicial powers. Each township contains several 'taik' or circles (as above stated). For the Revenue collection of the circle, a 'thu-gyi' (having also minor magisterial powers) is responsible, and he receives a remuneration equal to 10 per cent on his collections. Over the *thú-gyis* of the circles within a 'township,' is a Revenue Superintendent, called Myo-thú-gyi.

The Revenue law is now contained in 'The Upper Burma Land and Revenue Regulation (No. III of) 1889.'

It is based on the principle of maintaining the old Burmese methods, though in an improved form.

Putting aside the Regulation for a moment, I may mention that the Burmese Revenue was derived from—

- (1) Capitation tax—a 'tithe' levied on households (tha-thá-medá)
- (2) A 'land-tax' on 'royal lands,' which amounted to 25 per cent of the gross produce commuted into cash at current rates of the market, or on 'Royal gardens,' calculated in another way, by the number of fruit-trees grown.
- (3 and 4) Royalties on Rubies and Jade, and on Petroleum.
- (5) A 'water-rate' or irrigation-tax, supposed to represent the cost of maintaining and repairing canals or irrigation works.
- (6) Fishing rights.

## (7) Forests

(8) Apparently some kind of Stamp duty had been copied from the British administration

It will be observed that 'Excise' formed no part of the Revenue. The King allowed (ostensibly) no manufacture or sale of spirits<sup>1</sup>

The Land Revenue is what we are here concerned with. The Regulation (III of 1889) repeals the temporary provisions enacted by Regulation VII of 1887.

#### § 4 *Regulation III of 1889*

The Regulation recognizes the Financial Commissioner, the Commissioner, the Collector, and the Assistant Collector of the first and second grade respectively.

The 'Collector' is of course the Deputy Commissioner, and the title 'Assistant Collector' in fact represents two grades or degrees of powers, one or other of which (according to position, experience, &c) can be conferred on any of the European or Burmese staff of Assistant or Extra-Assistant Commissioners, or the 'township' officers (Myôk, Akunwún, and other native titles).

After determining the classes of Revenue officers and their powers, laying down the course of administrative control, and making the usual provisions about appeal and review of orders, and prescribing a simple procedure under which the employment of legal practitioners is somewhat restricted<sup>2</sup>, the Regulation goes on (Chap III) to deal with the various sources of State Revenue, following, it will be observed, the old native principle, but providing for rules to regulate, simplify, and render equitable the method of assessment and levy. The sources of Revenue are (1) the old customary 'thathá-medá' or capitation tax (meaning the tenth or tithe) levied according to rules to be framed, at

<sup>1</sup> It may be mentioned that this prohibition is maintained as regards all Burmese inhabitants. Shops are licensed strictly for European or Indian requirements. Sale and import of opium are also entirely forbidden, according to

the desire of the leading men.

<sup>2</sup> They cannot appear without leave of the Revenue Officer (sec 13 b), nor without holding a certificate from the Financial Commissioner authorizing them to practise (sec 13, sub-sec 3).



certain rates *per* household or family, (2) the Government rights in all State lands<sup>1</sup>, provision being made for rules to regulate the occupation and grant of rights in such State lands as are 'waste', (3) the land-revenue of all other lands, (4) State rights in minerals and earth-oil, (5) fisheries, and (6) salt. It will not be necessary to say anything about (4), (5), and (6), but some remarks may be made about the tithe and about State lands, and ordinary revenue-paying lands.

### § 5 *Thatha-medá*

It is not necessary to do more than give a brief and summary account of this tax. It is probable that, before long, it will be abolished (at any rate, as far as all landholders are concerned) and a regular land-revenue substituted.

At present the Rules (in Chap III) will provide for its levy, according to the old native custom.

It is enough to say that various persons are exempt from 'the tithe<sup>2</sup>,' and that to encourage settlers, immigrants are exempted for two years, and this period may be extended, in the case of those who 'settle down and cultivate the land,' by the Local Government.

Its assessment is effected by the *thú-gyí*, who submits a census or roll showing all persons or households liable to pay. This roll is subject to being tested by the Assistant Collector. The Government fixes the rates (by notification) from time to time. These rates, multiplied by the number of tithe-paying households (or, locally, 'boat-holds,' for many reside on the river), give the total assessment of the

<sup>1</sup> From what was said about Lower Burma, the reader will have gathered that the 'land-revenue' under Burmese rule was a partial and very imperfect levy. The chief source of revenue was the Capitation tax. Besides that, some acres of the best land were reserved as 'Royal lands' or farms, the whole produce of which went to the King. In Upper Burma in 1888-9, the

revenue from the tithe was nearly thirty-six lakhs, while that from State lands was only six lakhs.

<sup>2</sup> i.e. the heads of households coming under a given description. Government servants, for example, are exempt, so are foreigners visiting Burma for trade, infirm persons and those who cannot earn a livelihood. 'Exemption tickets' are granted on application.

‘village or other local area’ There are official persons called ‘Thámadí’ or assessors (appointed according to custom), who distribute the total ‘over the families or households of the circle according to their circumstances and ability to pay’, and lists of the payments are afterwards published. Objections to this assessment list must be made within ten days of its publication.

### § 6 *State Lands*

‘State lands’ are those defined in Section 26 of the Regulation. Throughout the country, certain lands were held as ‘royal lands, the rental going to support the king’ Reg III  
of 188  
sec 26

This form of raising revenue is, as we have seen, one of the old forms of the government of the early races which we call Dravidian, and it is found in various parts of Central and Southern India and in South-West Bengal,—wherever there were kingdoms of a pre-Aryan type.

But as a matter of fact, many Oriental Governments have adopted a similar plan, whether originally or by way of copying older institutions in Madras and elsewhere. Thus we find lands, under the name of ‘hawéli,’ reserved for the support of the Court, under the Mughal Empire and the ‘Ta’yyúl’ villages of the Delhi territory, and the ‘khás-mehál’ of Bengal in Muhammadan times were similar.

The (Burmese) ‘Royal’ lands are State property, as are also lands held on condition of rendering public service, or as an appanage to some public office.

Custom has added a right of the State to certain other lands, which is a right universally found in India,—unconnected with any special custom of ‘royal farms’. Thus the State is entitled (as ‘royal lands’) to islands and alluvial formations in rivers, to all forest and waste land, and land which has been abandoned, and to which (as the Regulation now adds) no claim has been, or is, preferred within two years (from the date of the Regulation). In any case of doubt, the Collector may make a declaration that land is State land, whereon a claimant to the contrary will have to prove his Reg III  
of 1889,  
sec 24

25

case Subject of course to grants of the British Government, or to orders passed on claims just mentioned, tenants of State lands are only temporary holders, and then right is now defined. No heritable or transferable right, either of occupancy or use, can exist. Occupiers must pay such rent as they have agreed to pay, or in the absence of any agreement, such as the Collector decides to be fair and equitable. Ordinarily, the Collector commences by making a list of all existing tenants paying rent, or in actual possession. The list shows also the area (in acres) of each holding, the average annual produce for the last three years, the value of the same at the average of market rates for three years past, the customary share of the produce which the State takes. On these data he will find the money value of the rent-share. There are other matters of detail for which the Rules must be consulted. The rent is liable to revision from year to year, unless the Financial Commissioner otherwise directs.

A lawful occupier is not, however, a mere 'tenant at will' of the Crown. He is protected by Rules<sup>1</sup> which regulate ejectment at the end of the agricultural year—

- (a) with three months' previous notice, in which case he is only entitled to compensation for improvements,
- (b) without notice, in which case he will get besides compensation for improvements, an allowance of one year's rent, as a compensation for disturbance.

If, for any reason, ejectment is required before the close of the agricultural year, he gets both kinds of compensation alluded to, and also the value of the crops 'in or on the ground at the time of ejectment, less the rent payable for the year or harvest, as the case may be.'

A tenant who does not like the rent levied, may give notice three months before the end of the year, that he requires a reduction, if this is refused, he is at liberty to relinquish without further notice. He may relinquish (on any ground whatever) by giving three months' notice.

The Collector may also give three months' notice of an

<sup>1</sup> Chapter V. But the rules have not yet been finally passed.

intention to raise the rent, and if the tenant does not agree, he must relinquish, but can claim compensation for improvements

An unauthorized occupier<sup>1</sup>, or an authorized one who makes default in paying his rent, may be ejected at any time, by order of the Collector

### § 7 *State Lands being Waste*

Rules are provided to be made for the disposal of *waste* State land, for regulating the temporary occupation of such land, and for the allotment of it, where needed, for use as grazing ground to villages. The Rules include the important subject of the 'amount or kind of interest' created by the grant, as well as the exemption from rent, under certain circumstances. Land required (or likely to be required) for public purposes, is not to be leased except from year to year. Other waste land is leased for not exceeding thirty years, and with reservation to Government of mineral rights and teak trees. It is subject to paying revenue, taxes, or rates, but to enable the lessee to establish his cultivation, there are rules allowing exemption from revenue for a term of years, as well as conditions about bringing a certain proportion under cultivation in a certain time. The consequences of failure to act up to the lease are provided

### § 8 *Ordinary Lands paying Revenue*

State land, being the property of Government, pays *rent* to Government as its landlord or owner. All other land, which is private property (in some sense) pays *land-revenue*, but where the landholder already pays 'thatha-medá' tax, this latter is either forgiven or 'adjusted,' so that a double burden is not imposed

### § 9 *Assessment of the Revenue.*

The land-revenue is to be assessed according to such method of assessment, on consideration of such sources of

<sup>1</sup> Unauthorized occupation is also punishable with fine or imprisonment, or with both

income, with effect from such date and for such period, as the Revenue-officer may propose, subject to the approval of the Local Government and the sanction of the Governor-General in Council

This provision allows latitude for a skilful officer to devise the best form of assessment, instead of being tied down by theoretical rules (of which no experience can have been had) In this way a workable theory and practice of assessment will gradually develop itself in a natural manner

The Regulation provides (as does the Burma Land Act) for the exemption of monasteries, schools, and pagodas, and for land in towns, &c, from land-revenue assessment.

In these districts it will be observed that (unlike Lower Burma) there may be joint family holdings, or other special reason for holding a village group jointly and severally liable for the revenue

### § 10 *Land Records and Rights in Land*

Concurrently with the assessment of land-revenue, records of rights are to be prepared, and when prepared are to be maintained correct by the Collector As usual, with this object, a simple 'register of mutations,'—that is a list of all changes by succession, agreement, &c—is to be kept up as the main instrument

It will be observed that this Regulation says nothing about defining the nature and extent of the right in land, as the (Lower) Burma Act II of 1876 does

The record of rights will simply set out the facts, and it is provided that every person whose rights or liabilities are required to be recorded, is bound to furnish all information necessary for the correct compilation of the record

Section 30 further provides for the settlement of disputes as to right, adopting the usual plan of regarding the person in *bonâ fide* possession as entitled to be entered in the records, subject to any decision as to his right, by a competent Court or authority

Practically therefore every one, though not legally defined as 'occupant' or 'owner' or anything else, has the enjoy-

Reg III  
of 1889,  
sec 28

Reg III  
of 1889,  
sec 29  
(cl 4)

Sec 30

ment of his land, according to the ordinary principles of law, on showing his possession and his right thereto, and on it appearing that the land is not State or Royal land

### § 11 *Collection of the Land-Revenue*

The legal procedure for collection applies not only to the land-revenue, but to all State revenue levied according to law or usage, including the rent of State-lands, the capita-<sup>Reg III of 1889, sec 37</sup> tion tax, royalty on minerals, water-rate on irrigation works, and tolls on navigable canals, excise on liquors and drugs.

The *instalments*, in which revenue is payable, are to be fixed by *rule*<sup>1</sup>, and till such rules are issued, the existing practice as to payment is to be followed

Land-revenue is declared (as usual) a first charge on the land, and must be satisfied before any other claim whatever <sup>Sec 39</sup>

A certificate of a Collector or Assistant Collector is 'conclusive proof' of the existence of an arrear of revenue, both as to the amount and the person who is the defaulter <sup>Sec 40</sup>

The processes of recovery are very like those in other laws, they consist—

- (1) service of a notice to pay,
- (2) attachment and sale of moveable property, excepting tools, seed grain, &c, for the use of artisans and agriculturists,
- (3) arrest and detention in civil jail up to one month,
- (4) attachment of immoveable property

These processes may be used separately or simultaneously

When immoveable property is sold, the vendee gets a clear title, and 'leases, liens and incumbrances,' as well as grants and contracts (except those made with a person who becomes purchaser) are void as against the purchaser <sup>Sec 42</sup>

<sup>1</sup> The Rules (Chap XVII) propose certain dates according to the nature of the crop —

(a) for *mayn* or dryweather paddy, on or before 31st July

(b) for *kank-hyn*, wet-season paddy, on or before 15th February

(c) for garden or other cultivated land, on or before the 15th February

Sec 43

The law allows the usual power of disputing an 'arrear'. The defaulter must pay up first, and then he may bring a regular suit to contest the certificate of arrear.

Sec 44

In order that inexperienced persons may not carry out these proceedings, the Financial Commissioner is to make rules as to the officer or class of officer by whom the process of recovery may be enforced.

### § 12 *Supplemental Provisions*

The Regulation concludes with various supplementary matters. It will be observed that nearly all points of detail are settled by Rules to be issued by the Financial Commissioner. Such rules require to be published before coming into force, and to receive the sanction of the Chief Commissioner subject to the control of the Governor-General in Council. Finally, there are the usual provisions barring the jurisdiction of the Civil Court in Revenue matters which are specially provided to be dealt with by Revenue-officers.

## CHAPTER VI

### THE ANDAMAN AND NICOBAR ISLANDS

#### § 1 *Situation and History*

THESE groups of islands are not connected with the Government of BURMA in any way, but their geographical position makes it suitable to place a brief note regarding them, after the Chapter on Burma.

They consist of a long stretch of islands, the Great and Little Cocos, and the North, Middle, and South Andamans, and the Little Andaman, a separate island some distance south. In the 'South Andaman' is PORT BLAIR (the capital with its splendid harbour). Further south again come the Nicobar Group, consisting, first, of the 'Car Nicobar,' Til-lanchong, Teniessa, Camorta, Trinkat, Katchall, and Nancoury (whence the name of the settlement), and still further south (beyond the Sombrenno Channel) are the Little and Great Nicobar Islands. The whole group is under the control of the 'Chief Commissioner and Superintendent, Andaman and Nicobar Islands,' residing at Port Blair. This official has a Deputy (periodically relieved) at Nancoury (Nicobars).

The Andaman group were first made use of by the Bengal Government in 1789 as a convict settlement and a harbour of refuge. The colony was abandoned owing to its unhealthiness in 1796. It was not re-established till 1858, and the islands were then formally annexed.

The Nicobars had been originally colonized and annexed by the Danish Government, but were given up in 1858. They were included in the Chief Commissionership of the Andamans in 1872.



§ 2 *The Law applicable.*

The law providing for the government of the whole group was at first contained in Act XXVII of 1861, which was replaced by a Regulation (under 33 Vict, cap 3) passed in 1874. This in its turn has been superseded by the amended Regulation No III of 1876

Reg III  
of 1876,  
sec 4

‘All the land comprised in any settlement in any of the said islands is vested absolutely in Her Majesty the Queen, and no person shall be deemed to have acquired any property therein or any right to or over the same by occupation, prescription, or conveyance, or in any other manner whatsoever, except by a conveyance executed by the Secretary to the Government of India by order of the Governor-General in Council.’

A proviso to this section saves rights created under Act XXVII of 1861

Sec 6

The Chief Commissioner sanctions the occupation of land by a license in writing, and such a license is not transferable either by contract or by inheritance, without the written consent of the Chief Commissioner. The Chief Commissioner can also determine any license, by giving a year's notice and paying compensation for buildings or works constructed pursuant to the terms of the license<sup>1</sup>

Sec 7

The ‘limits of a settlement’ may be at any time defined by an order of the Governor-General in Council. And the Chief Commissioner, with sanction of the Governor-General in Council, may appoint one or more officers to superintend the management of land of any settlement and the realization of rent, revenue, and other dues (which may be recovered summarily by distraint of property or personal imprisonment (simple) not exceeding six months)

§ 3 *The Occupation of Land*

Rules regarding the grant of licenses to occupy land were

<sup>1</sup> In order to place a limit on such compensation, the license itself specifies a maximum value (not exceeding R 25,000, without special

sanction of the Governor General), up to which value, buildings may be constructed or improvement works undertaken

published in the local (Andaman and Nicobar) *Gazette* of 31st January, 1885

A Revenue Officer is to fix the boundaries and demarcate the land of each 'village'. A 'khasra' survey is made, and a 'shajra,' or village map, is prepared 'in accordance with the system adopted in the North-Western Provinces,' and the *khasra*, or index-register of lands, which accompanies it, is made out in a simple form, prescribed in the rules.

From this *khasra* a 'khatauni,' or abstract of fields held by each person, is made out. A plan of the village site is also prepared and a register of the houses<sup>1</sup>

Provision is made for recording all changes in holdings of land and houses in a 'dákhl-khái' register, such changes being reported to the head of the village—called 'Chaudhari'.

The licenses for land hold good for five years, and a rent is prescribed in the license, which ranges from R 1-8 on low-land (rice land) per 'Bengal bighá<sup>2</sup>,' and twelve annas on hill-land.

Conditions are endorsed on every license, as to payment of school cess, chaukidári (cess for support of watchmen), and grazing fees, &c. It is also a condition that the land must not be given up without three months' notice before the close of the year.

The license may be transferred only by permission as already stated, and on payment of a fee for registering the transfer.

There are taxes on all *house-sites* according to their class, ranging from R 25 to R 2 a year. But house-sites of 'revenue-paying cultivators' pay no tax.

Rules regarding the Nicobar settlement are to be found in the *Gazette* of 6th September, 1884.

<sup>1</sup> The Settlement Records of Port Blair thus consist of,—(Vernacular—in Urdu), (1) Boundary maps, (2) the *Khasra*, and (3) *Shajra*, or village map, (4) the Abstract of Holdings or *Khatauni* (kept in English also), (5) the plan of house-sites, (6) the house register, and (7) a general allotment of land and

house sites, comprised in a village (kept in English also). (*Rule XII, Gazette of 31st January, 1885*)

<sup>2</sup> Presumably that used in Bengal proper, which is  $\frac{1}{3}$ rd of an acre, nearly 1600 square yards. That originally adopted in the old North-Western Provinces survey is 3025 square yards.

These rules are framed to prevent the taking up of land, which properly is held or occupied by native Nicobarese. Registers are to be maintained—(1) of land within a two-miles radius from the jetty at Nancoury, (2) beyond that distance, and (3) register of transfers.

The conditions of licenses (endorsed on each license) vary according as the land is within the two-miles radius or beyond it.

In the latter case no rent or revenue is charged for fifteen years, after that one rupee per acre is payable annually<sup>1</sup>.

<sup>1</sup> In the Nicobars the land measure used is the acre of 43,568 square feet, which is divided into fractions called 'one anna, or one pie' re-

spectively. The 'anna' is the one-sixteenth part (2722 square feet) and the pie the twelfth of that (2269 square feet).

## INDEX OF SUBJECTS.



NOTICE—All Indian words (including Anglicized forms, and names of provinces, mountains, rivers and places) are to be looked for in the second, or VERNACULAR Index (which is a combined Glossary and Index)

Throughout both Indices, the *Provinces* to which the reference belongs are indicated by *initials*, thus —

(Ben) = Bengal	(Pj) = Panjáb
(Bo) = Bombay	(C P) = Central Provinces
(M) = Madras	(L U B) = Lower, Upper, Burma
(N W P) = North-Western Provinces	

To save space, P S is used for 'Permanent Settlement', S for Settlement (i e of Land-Revenue), L R for Land-Revenue, I for India, 'Adm' for Administration, 'Govt' for Government (with or without the capital initial)

In referring to compound words, like Land-Revenue Settlement, Land-Revenue Officer, Land-tenure, &c, look under Settlement, Revenue Officer, Tenure Only 'Land-Revenue,' and 'Land-Record,' have been used in full, to prevent the confusion that might be occasioned by there being Records and Revenue other than those connected with land

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# VERNACULAR INDEX AND GLOSSARY.

(See also note at beginning of the Eng Index) Dist = District, 'Cult' = 'cultivated,' or 'cultivation', A = Arabic, H = Hindi, P = Persian, S = Sanskrit

- Ābadī (=inhabited) (North Indī) used to indicate the part of the village land set apart for the residences, shops &c
- Ābād (P), inhabited, of land under cultivation
- Ġhair ibīd, abandoned land
- Ābid-kar (P), the first clearer, founder, &c
- Abī (=watered, P), any irrigated land
- (P) watered by channels from rivers, &c or otherwise than by well (chahī) or canal (nahī)
- (Ājmer) land cultivated in the bed of a tank when the water has run off 11 348, 50 56
- Ābīanā, a water-rate, charge, or cess on irrigation 11 597
- Abwīb (pl of Bab), cesses or additions to the regular L-R assessment (Ben) 1 419
- in former days 1 243, 419
- modern 1 421, 605
- Adangal (M), a field register, *see* 11 92
- Ādhīyār (Ādh II = half), (Ben), a tenant of a tenant, paying in kind 1 606
- Ādhīyār, a tenant paying by Batī or division of crop (Bengal, Bihar, Assam, &c) 11 406
- Ādhīlapi (South P), (also Khumar), a settler who sinks a well, on certain terms of tenure 11 663
- Adnā-malik (P) = inferior proprietor, (P) 1 200 (Cf 'ala-malik)
- Āghani, *see* henwat
- AGRA dist, proportion of joint-land-lord villages in 11 117
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- Āgrāham (M), a land-grant rev-free to Brahmans 11 80, 140
- ĀHMAD (BāD (Bo), Taluqdars of 11 281
- ĀHMAM (or Āham), the ruling race of old Assam 11 399
- Ahu (Assam), rice cult broadcast 11 417 *note* (Cf Rupit)
- Āmī (Ben), a grant rev-free, occasionally with a reduced payment, then called Āmī-malguzārī (Midnapore) 1 530 573
- 'Ām (A = essence) the 'thing itself' The original traditional assessment in the Dakhn, on the basis of which the Marāṭh is made up then 'Kamil' or full assessment 1 273
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Wazifa, in Muhammadan law, the khury or tax in kind converted into a money payment, generally

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## Z

Zabt (A zabt = set aside), applied to certain land always paid for cause division of difficult application rates charged 716 note

Zail-dar, a local official 741

Zamindar (P zamindar holder of) (Za adjective form thus Zamindari-tate, Z-Settlements dues)

(a) In general a land, cultivated own fields, especially in North cultivating-population common In beyond the used of any cult, while for a Hindu cult

- (b) In Ben (and parts of M.) the great land-agent, whose gradual growth in power and connection with the land, was held to necessitate his recognition as 'landlord' under the P S. In this sense, the word is written *with a capital Z*, and so whenever any considerable overlord title or estate is implied.
- (c) In N W P, P<sub>j</sub>, applied to *villages*, implying that there is a landlord class claiming the whole area, cult and waste, and all managing rights and profits, either *jointly*, or wholly or partly in *severalty*, the shares being allotted in several distinct forms or on different principles, which give rise to *classes* or kinds of the 'landlord' or 'joint-village'.
- (d) In parts of the P<sub>j</sub> and Sindh applied to certain families, descendants of tribal chiefs, &c, who still retain to a greater or less extent, a certain overlordship in lands and villages, entitling them to take certain fees or rents.
- (e) In parts of the N W P and in Oudh generally, applied (in the adjective form *zamindari*) to the right of managing a village under the ruler, and later under the Taluqdar (e.g. *birt-zamindari*, = grant of the management, and collections, of a village or tract).
- (f) In Maratha, and especially in Rajput States, Z was the title of a *paigana* officer who collected the revenues from the *patels* of villages, under the supervision of a *kamisdar* (Maratha). The old Hindu *desmukh* was in later times so called (Rajput).
- (g) In the C P applied (formerly) to the assignee of a large tract of waste land, who was to promote cult and arrange the L-R, (now) to holders of estates, which are surviving Gond chiefships.

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and not according to arbitrary exaction, should be paid (how or by what rule fixed was never determined), and that these rates could only be departed from by a consent which altered the mode of cultivation, and also by the increase of land under cultivation

I may briefly also summarize the reasons why it could not have been intended by any one (as it certainly was never declared by any Regulation) that all raiyats' rents were to be absolutely invariable —

- (1) that no class of raiyats (except of course those who had special grants) was ever exempt from having the revenue periodically raised by State authority from time to time, even when there was no question that the raiyat was the practical owner of his holding, and when Government limited its demand on the middleman it did not follow that the revision of the raiyat's rent was also foregone, unless it was specifically so provided, which it never was<sup>1</sup>,
- (2) that no such thing as a paigana rate, fixed for all time, existed, but only a rate from time to time fixed by authority,
- (3) that the change in the value of money and of produce, the gradual change of circumstances whereby, as population increased (under a peaceful rule), tenants would become more abundant and begin to *compete* for land,—all tend to produce a state of things in which an unchangeable rent for all classes is a practical impossibility,
- (4) that the very fact that some raiyats held 'muqarrari' or fixed rate leases, showed that a fixed rent was the exception, not the rule,

<sup>1</sup> Indeed, exactly the contrary. The preamble to Regulation XLV of 1793 expressly states that the raiyats were bound to pay a proportion of the annual produce of every bigha of land (in money or kind according to custom), and that the Government fixed a demand on the proprietor of every estate, and left him

to 'appropriate to his own use the difference between the said proportion' and the fixed demand. The whole preamble would have no point if it were not that the 'proportion' payable by the raiyat had not been (in the absence of express grant) liable to be fixed from time to time on periodical revisions

- (5) that even if some of the old village cultivators were specially entitled to consideration, all raiyats were not, by custom, on the same footing,
- (6) that considering the enormous areas of waste that in time would be brought under cultivation, the tenants who undertook it, could not be on any other footing than that which depended on contract, and these would, in time, become a very large class,
- (7) rents in kind are still common, especially in Bihár, and in the nature of things, these would *really*, if not nominally, increase, and could not escape being converted into money rents in time. In short, when the value of produce increased, and the money commutation took place, and when the cultivation of new land called for a reassessment, the 'nukh-bandí' or often appealed to list of 'paigana rates' would necessarily rise (see Field, page 546)

### § 7 *Actual Provisions in Regulation VIII of 1793 regarding Rent*

The features of the Permanent Settlement law, as stereotyped in Regulation VIII of 1793, have already been stated, and at p 433, I expressly reserved the provisions *relating to tenants*. Let us now consider them briefly.

The Regulation notices that there are persons called taluqdárs or 'muqarraridárs' (on grant of fixed rent), &c. Some of these, as I have explained, were recognized as proprietors and were settled with independently. With such we are not now concerned. The others then remained 'dependent' or holding 'tenures' *under* the proprietors, but if they had held at a fixed rent for more than twelve years, or if their grant or title-deed showed a fixed rent, then these tenures were 'not liable to be assessed with any increase' (unless the Zamíndárá was held by Government or let in farm). And in any case these 'dependent' tenures were not to be enhanced, except upon proof that it was the custom of the district or the special condition under which the tenure

Section 49

Section 50

Section 51 was created A certain provision was also made for one other class—the old resident (or *khudkásht*) raiyats Their existing terms of holding could not be interfered with (except on proof of fraud in the title), and the right to raise these rents was limited to cases—

- (1) where the rent paid within the previous three years had fallen below the *nukh* or rate of the pargana, according to the *kánúngo's* lists<sup>1</sup>,
- (2) upon a general measurement of the pargana for the purpose of equalizing and correcting the assessment (This did not apply to Bihár, where rents in kind are taken<sup>2</sup>)

Then comes a provision about the 'remaining lands,'—  
 Section 52 i.e. all that are not of the classes just named These lands are to be *let*, under the prescribed restrictions, in whatever manner the Zamíndái may think fit The 'prescribed restrictions,' as stated in the Regulation, are, that persons appointed to collect rents are to get authority by a written '*amlnáma*<sup>3</sup>', that all cesses (*abwáb*, *máthaut*,

<sup>1</sup> These, as I remarked, were often incorrect, since the irregularities of many years would either have resulted in arbitrary and various rates, or else in some old rates being continued, which could not be expected to last for ever without revision It was the *want of any rule* for getting equitable and correct rent-rates that led to all the trouble Mr Shore observes 'In every district in Bengal, where the licence of exaction has not superseded all rule, the rents of land are regulated by known rates called "*nukh*" (and the list of these pargana rates is the "*nukh-bandi*") These rates are formed with respect to the produce of the land, at so much per bighá Some soil produces two crops in the year of different species, some three The more profitable articles, such as the mulberry plant, betel-leaf, tobacco, sugarcane, and others, render the value of the land proportionately great These rates must have been fixed upon a measurement of the land' And he might have added,

must have varied from period to period according as the money value rose, and according to other circumstances

<sup>2</sup> In 1789, Mr Harington gave a full statement of the arguments *pro* and *con* as to enacting that the 'permanent raiyats' should be entitled to hold for ever at fixed rents (Harington, in pp 461-463) He recommended, as the result, that for the decennial settlement, the proprietors should be obliged to fix, during the first three years, a rent which was to hold good for the remaining seven When the decennial settlement was made permanent the protection given to the permanent tenants was that stated in the text, which is perhaps not very definite or satisfactory, for there is nothing to show how often the 'general measurement' might have come round But an absolute fixity of rent and tenure is nowhere conceded, unless proved to have been required by grant or by prescription

<sup>3</sup> So that the raiyat may know

márgan, &c) are to be consolidated with the substantive rent ('*asl*') in one sum, that no new cesses are to be imposed. Where it was the custom to vary the terms of holding for lands according to the 'articles produced thereon,' this was allowed to be done, the law, however, 'expecting that the parties (specifying both landlord and tenant) *would find it for their mutual advantage*' to enter into agreements for a specified sum, for a certain quantity of land. All rents were to be specifically stated in *pattas* or written leases (and details are given as to how this was to be done), forms of *patta* were to be prepared and get the Collector's approval, and be given out to the *ranyats*, leases existing at time of assessment, unexpired, and not contrary to anything in the Regulation, nor collusive nor fraudulent, were to hold good till expiry. Accounts were to be kept by patwáris, &c, receipts for rent were to be given, rents of persons who absconded were not to be demanded from those that remained (called *nájár* payments). *Installments* of rent were to be fixed with due regard to seasons of reaping and selling the produce.

These were the only 'restrictions' on the Zamíndár 'letting' his 'remaining lands' in any way he pleased. But there was a restriction imposed on the other side. For fear that Zamíndáris should be too liberal, or rather too eager to get rid of trouble, by granting away their estates on long leases, and so disabling themselves from meeting the Government demand, another Regulation, passed at the same time (XLIV of 1793), prohibited *pattas* being issued for more than *ten* years. It is obvious that such a provision contemplated a periodic increase of rents, which might be foregone for ten years, but not for more, or it has no meaning.<sup>1</sup>

who he was paying to, and not be tricked into handing over his rents to some one who could not discharge him legally.

<sup>1</sup> Mr. Field has given a number of authorities (p. 523 *et seq.*) showing that this was the meaning of the Regulations.

§ 8 *Eviction*

It also follows from these provisions that the question of *eviction* of tenants was undetermined. The tenure-holders (*taluqdārs* and others similar) were of course not liable to be dispossessed. And the resident *raiyats* were protected to a limited extent. But nothing is said about other tenants, if they would not agree to the terms offered, and were not holding under an unexpired lease, there was nothing to prevent their being removed. Probably in 1793 the demand for tenants was so great (see p 610 *ante*), that it was not thought likely that the Zamindār would evict many, he would be only too glad to keep them. However this may be, there is no provision in the early law on the subject, except as above indicated. When once the idea of the Zamindār being landlord, in the English sense, became familiar, it was not surprising that people should begin to talk of the 'inherent privilege of giving him (the tenant) due warning to quit'<sup>1</sup>

§ 9 *General Conclusion*

I cannot here forbear extracting Dr Field's just and lucid summing up of the discussions and orders which preceded the Settlement, giving the result of Mr Shore's and Lord Cornwallis' minutes and the orders of the Home Government. He says<sup>2</sup> —

'It will be clear to any unprejudiced person that the Directors, and those who, under their authority, conducted the Government of Bengal, were well aware of the indefinite relations which subsisted between *Zamindars* and *raiyats*, were well apprized of the uncertain nature of the rights of the cultivators of the soil<sup>3</sup>, that practically nothing effectual had been

<sup>1</sup> See, for instance, the correspondence quoted by Dr Field (p 531), and *Land Tenure, by a Civilian*, p 104—'In point of law and fact, the *raiyats* can claim [that is, *ordinary* tenants can claim], under the

provisions of Lord Cornwallis' Code, no rights at all'

<sup>2</sup> Page 503, § 267

<sup>3</sup> Uncertain, in the first place (I may repeat), because all village cultivators were not originally on an

done between 1765 and 1790 to define or adjust the rights and the payments to be made by the raiyats . that Mr Hastings and Mr Shore were of opinion that these rights and payments should be defined and adjusted before the Government limited its own demands upon the Zamindars and settled for ever the amount of revenue payable by them , that it was admitted on all hands that up to 1790 there were not sufficient materials for this definition and adjustment , that Lord Cornwallis was sanguine that the combined effects of the limitation and permanent Settlement of the State demand, and of the *patta* regulations, would have the ultimate effect of adjusting the relations between the *Zamindars* and the raiyats , that the Court of Directors adopted Lord Cornwallis' views, and instead of directing the rights of the cultivators of the soil to be ascertained, adjusted, and defined once for all<sup>1</sup>, contented themselves with reserving a general right to interfere *afterwards*, if these expectations and those of Lord Cornwallis should be disappointed, and such interference should be found necessary for the protection and welfare of the raiyats . Any unbiassed individual who will read the whole of the papers must be satisfied that both Lord Cornwallis and the Court of Directors acted to the best of their judgment and entertained a very honest belief that (a) the elimination of the element of uncertainty by the permanent fixing of the Government demand, (b) the mutual interests of the parties, and (c) the enforcement of the rules as to *pattas*, would together operate to assure and improve the condition of the raiyats .

equal footing . Some were certainly originally proprietors, others only privileged helpmates (I will not call them tenants) of these proprietors , others equally clearly only casual cultivators, but who, from lapse of time or other circumstances, had even then great claims to consideration . 'Uncertain,' in the next place, because rights get irretrievably abandoned, changed, and lost, in the lapse of years, and the confusion caused by two centuries of doubtful government, and at

best it is 'uncertain,' whether the original right, whatever it was, had not been, in a great many cases, thoroughly and really lost

<sup>1</sup> A task which indispensably necessitated a *survey* and a *Settlement* staff to discover and *record* rights . How impossible such a work seemed in 1789 I have already remarked . The power of doing it was not discovered till 1822, when a new epoch of land administration commenced

§ 10 *Result of the Regulation Law*

It will now be amply clear that there was neither law nor custom by which even the old resident cultivators of a village, and still less other tenants, could expect to go on from decade to decade without any increase in their revenue (now become rent) payment. It was also in the nature of things that tenants on waste land and tenants offering themselves and willing to compete for available holdings, should hold at variable rates of rent fixed by contract and mutual understanding, and, finally, the Regulations prescribed nothing as to any principle of rent enhancement, because the information on which different classes of tenants and their privileges could be distinguished and formulated, was wholly wanting.

‘The necessary and natural result,’ says Dr. Field,—

‘was that for all things for which the legislature did not make provision, the new course of things under British rule created a practice and an usage which adjusted and regulated those relations with which Government did not concern itself to interfere, and a common law (i.e. unwritten usage and practice) came into existence which was largely compounded of the ideas of the ruling race, to which practical operation was given by a strong executive and by means of the Courts of Justice’

### SECTION III — PROGRESS OF THE TENANT-LAW FROM 1793 TO 1859

#### § 1 *The ‘Patta’ Rules*

The first disappointment experienced was the failure of the attempt to enforce the issue of written leases for all tenancies, to which I have alluded<sup>1</sup>. Some tenants, who regarded themselves as really or originally proprietors of their holdings, refused (and very naturally) to take a lease for fear of its being an admission of a *lower status* on their part, implying that their right and title was derived from

<sup>1</sup> See p. 629 *ante*

the grantor of the *patta*, that it was terminable (the *patta* could not be granted for more than ten years), and that the rent-rate was liable to alteration. Many of the tenants also, feared the *pattas* as means of extortion, and refused to take them<sup>1</sup>. The earlier Regulations supposed that if *pattas* were required, the *parties would agree as to the rates*, and yet nothing was said as to what was to happen when *pattas* existing (or those first granted) expired. Regulation IV of 1794 attempted further legislation. Disputes as to rates were to be settled in the Civil Court, with reference to 'rates established in the *pargana* for lands of the same description and quality'. This applied both to existing tenancies and to new ones, the 'pargana rate' was not to be exceeded<sup>2</sup>. The facts about the pargana rates have already been stated (see §§ 4, 5, p 620). It was provided also that, if people did not take *pattas*, the landlord might post up at his office a list of rates, and offer *pattas* at those rates and that then he might recover by suit or distraint at such rates. 'Thus,' says Dr Field, 'the Zamíndárs were enabled to claim any rates they pleased, and to distrain for rent at those rates, and to put on the raiyats the *onus* of proving that the rates so claimed were not the "established" rates'<sup>3</sup>.

These suits, moreover, became numerous, and so swamped the Courts, that the Zamíndárs in turn suffered, as they could not get decrees for rent really due.

## § 2 'Haftam'

The next step taken, therefore, was to facilitate the recovery of rents by *improving the law of distraint*. Re-

<sup>1</sup> They feared that they would be bound to pay for the whole land specified, even if crops failed, or cattle died.

<sup>2</sup> Field, p 563. The rate might easily be raised by getting tenants to take some private land of the Zamindar's at high rates, which were then appealed to as examples by which to raise the average rates of the whole neighbourhood (*Land Tenure by a Civilian*).

<sup>3</sup> In 1811 the Collector of Rajshahi reported that the Regulations had then been in force eighteen years, and that as to *pattas* and their counterparts (*gabuliyats*) 'these are as few now as ever'. He attributed this to the fact that the rights of raiyats had never been defined, and that those who claimed a certain *status* refused *pattas* for fear of compromising their claim. The letter is given in detail by Field, pp 565-66.



gulation VII of 1799, popularly known as 'Qánún haftam' (seventh Regulation)<sup>1</sup> recites that the revenue collections had suffered because the landlords could not readily get in their rents, particularly when the land was sub-rented and the crop not in the immediate possession of the *ranyat*<sup>2</sup>. The law empowered landholders and farmers to delegate the power of distraint to their collecting agents, distraint might be exercised without sending notice to any Court or public officer, and included crops and cattle and personal effects, tools of tradesmen were, indeed, exempt, but ploughs and seed-grain and plough cattle were only exempt if other property could be found, and as the distrainer was the judge of this, the exemption was a dead letter. No written demand was required before distraint, except in the case where the tenant had no written specification of the exact time when his instalment fell due. After the distraint was made, notice was to be given of sale, if the arrear was not at once paid, and if the tenant absconded or was *otherwise absent*, then a list of the property was sent to the nearest official who had power to hold a sale, and the law only required five clear days between notice and sale. The tenant must either pay or find security to institute a suit to test the rent and to pay whatever the Court decreed with interest.

It was stated that tenants sometimes delayed proceedings by making unfounded (criminal) complaints of misfeasance and abuses in attachment. Magistrates were to repress

<sup>1</sup> The 'haftam' was followed, in 1812, by 'panjam,' or Regulation fifth (of which presently) the peasantry of to day attribute all their misfortunes to 'panjam' and 'haftam'.

<sup>2</sup> See *Fifth Report*, 1 pp 76, 77. In Feb 1802 the Collector of Madras reported that 'complaints were very general among the Zamindars they had not the same powers over their tenants which Government exercised over them. It was notorious that many of them had large arrears of rent due to

them which they were utterly unable to recover, while Government was selling their lands for arrears of assessment. Farmers and intermediate tenants were till lately able to withhold their rents with impunity, and to set the authority of their landlords at defiance. Landholders had no direct control over them they could not proceed against them, except through the Courts of Justice, and the ends of substantial justice were defeated by delays and costs of suit.'

these and fine the complainant if his case appeared vexatious, and other provisions were added. Practically this meant that no one, unfamiliar with new Courts and new procedure, would venture to bring a complaint, for fear of his powerful adversary making out that it was a vexatious one.

There were other provisions regarding the arrest of persons intending to abscond, and authorizing the seizure of tenures and farms in arrears, the landlord managing them direct, and ultimately putting up the title to sale if the management failed to realize the arrear. When default occurred in the case of a lease-holder or tenant 'having a right of occupancy, only so long as a certain rent . . . was paid without any right of property or transferable possession' the landlord was to have the right of evicting the defaulter. No application to a Court was needed, but farmers, proprietors, &c., were responsible for any act exceeding their powers. The Regulation stated that it was not intended to limit or define rights of any class, but to point out in what manner defaulting tenants might be made to pay, leaving them to recover their rights, if infringed, with full costs and damages, in the established Courts of Justice.

It was stated that 'in all other instances the Courts of Justice will determine the rights of every description of landholder and tenant. . . whether ascertainable from written engagements, defined by law, or dependent on custom'. Nothing in the Regulation took away the power of landlords to 'summon, and if necessary compel, the attendance of tenants for the adjustment of their rents, or any other just purpose'.

No doubt this law was passed in the *bonâ fide* belief that tenants were in fault, that the hands of the landlord needed strengthening, and that his power would be exercised fairly, and that the Courts would give relief if needed. But when it is recollected how impossible it was for the poor and ignorant to apply to distant Courts under a new and strange procedure, which took an immense

time—always a serious difficulty to people who want to be in their fields,—when it was further recollected that such a law could not fail to be abused, it is difficult to read its monstrous provisions without indignation

That this law produced the most evil results goes almost without saying<sup>1</sup>

### § 3 *Proposals for Relief*

In 1811, the evils produced were remarked on by the Board of Commissioners at home, and in India the Government issued a circular of inquiry, which still shows a spirit of belief that complaints were exaggerated, and that if rents were not collected regularly, there would be a heavy accumulation of arrears of Government revenue. Among the opinions elicited, Mr H Colebrooke's was among the most valuable. Other officers followed suit. Having clearly pointed out that the remedy of appeal to the Courts was, in the case of poor people, quite inefficient—'many of the rules designed for the protection of the *ranyats* having been perverted into engines for their destruction,—it was urged that definition of rights should be undertaken, and that if people had no rights they should be told so.

The abolition of the local native offices of *kánúngo* and *patwái* during the first years, was appealed to as facilitating the destruction of rights, but this may be doubted. The village accountant is of no use if the whole system of village organization has perished. And the district accountant can be of no use under a system where there is no public control of the details of revenue collection, but where the landlords pay their lump sums into the Collector's treasury direct. Both officers naturally became mere servants of the Zamíndár, and therefore they had been abolished. This step was taken because it was found that the formal records which they still prepared were useless, in some cases these were altogether neglected, in

<sup>1</sup> Those desirous of some details may read the quotation from Official Reports in Field, p 584, *et seq*

others they were falsely framed to suit the purposes of the Zamíndárs

Among the points discussed by Mr Colebrooke were the restriction of *pattas* to ten years, prescribing the form, and invalidating all that, though definite, were not in due form, the invalidating *en bloc* all existing leases and tenures on a sale of an estate for arrears, above all, he exposed the fallacy which lay at the root of the reference so often made to 'established pargana rates' (see p 621)

Mr Colebrooke proposed that where 'pargana rates' were not available, definite protection should be given to the resident (*khudkásht*) raiyats 'This will silently substitute a new and definite rule in place of ancient but uncertain usages' He proposed that in individual cases of renewed *pattas* or new *pattas* in place of an old one voided by a sale, the rate should be that which was actually paid for similar land in the vicinity, and that where there had been a wholesale cancelling of the *pattas* of a village or estate consequent on a sale, new rates should not exceed the highest rate actually paid in the three preceding years And in the case of *talugdárs*, after calculating the raiyats' *jama*' on these principles, the tenureholder was to be definitely allowed 10 per cent on the total, plus a reasonable allowance for cost of collection

I only state the proposals generally and in outline, for the purpose of indicating the historical *birth of the modern tenant law*, which substitutes defined rules practically securing certain advantages, for pretended references to ancient standards impossible of access

#### § 4. '*Panjam*'

The main proposals of Mr Colebrooke were adopted in '*Qánún Panjam*,' or Regulation V of 1812

The ten-years' restriction as to leases was removed, and *any form* of lease was allowed as long as it was definite, but this was not to be construed to sanction 'cesses' and exactions in any guise. It limits the avoidance of exist-

ing leases on sale of the estate for arrears, it declares the uncertainty of 'pargana rates,' and substitutes rules similar to those above stated for adjusting rents on renewal of pattas. Enhancement was to be preceded by a formal notice, without which no enhanced rent would be recoverable. The law of distraint was softened, and implements of husbandry, plough cattle, &c., were absolutely exempted.

The Regulation still made no provision for defining rights by record, and thus only dealt with a part of the evil, it would, however, have been a relief were it not for the fact that it was unfortunately neutralized by other Regulations<sup>1</sup>.

### § 5 *Farming Estates.*

It was during this period that the creation of farming tenures, which I have fully explained under the name of 'Patni,' came to notice, and it was found desirable to recognize them. (See p 543 *ante*) Their advantages I have already pointed out. On the other hand, they may tend to oppression. The manager or leaseholder often re-transferred portions of the estate to sub-lessees, and such a person had no other interest but to amass the largest profit to himself, regardless whether, on going out, he left behind him an estate sucked dry and tenants veiging on misery. In 1843, the system was described as 'striking its roots all over the country, and grinding down the poorer classes to a bare subsistence.'

It should, however, be remembered that it is in the Central and North-West Bengal that those 'patnis' were most common. In East Bengal generally, the tenants have rather the upper hand of the Zamíndáís than the reverse.

<sup>1</sup> It is not necessary to go into this in detail. At p 654 of Dr Field's book will be found a footnote

which will explain how it came about

§ 6 *Alteration of Sale Laws as affecting Tenants*

The next series of enactments that affected tenants were the modifications in the sale laws, and especially what was provided about the *clear title* which the purchaser would get, that is, a title free of encumbrances created by the defaulter or his predecessors being representatives of the original engager. It was, of course, impossible equitably to avoid *all* encumbrances, and Regulation XI of 1822 made certain exemptions, among them it protected 'khud-kásht-qadímí raiyats or resident and hereditary cultivators having a prescriptive right-of-occupancy<sup>1</sup>,' and the purchaser was not to demand a higher rate of rent from such a tenant than was receivable by the predecessor, unless in specified cases where a rent lower than was justly demandable had been fixed by him. 'This gave rise,' says Dr Field, 'to a doctrine that khudkásht raiyats who had their origin subsequent to the Settlement (1789) were liable to eviction, though, if not evicted, they could only be called on to pay rents determined according to the law and usage of the country, and also that the possession of all *rai-yats* whose title commenced subsequent to the Settlement, was simply a permissive one, that is, retained with consent of the landlord. The establishment of this principle left the Zamíndárs free to enhance the rents of all but a small class of *rai-yats* up to any point that competition could run them, because, though the provisions of the Sale Regulations applied only to estates which had been sold for arrears, yet the principle being established, it was soon extended by the power of the Zamíndárs, to other estates also. Quite apart from this power, the raising of rents in one place tended to create a higher 'prevailing rate' which could by law be imposed on the tenants of any estate independently of there being a revenue sale. Moreover, those tenants well knew that if they resisted, the *Zamíndár* would accomplish his

<sup>1</sup> Construed to mean resident raiyats who had been in possession for more than twelve years before

the decennial Settlement (*Bengal Law Reports*, Supplementary Vol, p 215)

purpose by allowing the estate to fall into arrears and be sold, purchasing it himself (free of the old leases) in the name of a relation or dependent<sup>1</sup>

This law remained in force till 1841, when Act XII provided that a sale should void all tenancies and tenures created since the Settlement, and leave all tenants to be *enhanced at discretion* after notice given, except certain specified cases, which were certainly made more definite than before. Some changes, not affecting the rent question, were made by Act I of 1845; and this law remained in force till 1859, when the Tenant Act X of 1859 was passed, and the Sale Law (XI of 1859) also (five days after Act X)<sup>2</sup>. The great feature of the modern sale law, as it affects tenures, is, that it, for the first time, hit upon a proper device for protecting them, by registration. Entry in a General Register protects them against auction-purchasers, and entry in a Special Register protects even against the Government.

We shall recur to the Sale Laws in the following chapter on Revenue Business.

<sup>1</sup> These 'banamī' transactions as they are called, are a favourite device all over India for concealing the property really belonging to one person by making it appear to belong to another.

The term is 'ba-nām,' in the name of (another), not, as incorrectly written, *be-nām*, which would mean (be) without a name.

<sup>2</sup> The connection of the sale law with the tenant's rights was important when sales were frequent. The whole body of the tenants was alarmed, because there was no means of making the defaulter hand over his papers to the purchaser. The latter came in as a stranger, not knowing one tenant from another, nor the protected classes from the unprotected.

'Affrays and litigations cannot but ensue. There must always, in every case, be years of enmity between the new landlord and his tenantry. There being no record of the *protected*, he assumes that none are protected, while the tenants set up groundless claims to protection, often-times supported by the late Zamindār. I can imagine no condition more pitiable than that of the inhabitants of a *Zamindari* transferred by sale for arrears.

We can talk and write with indifference of it (*re-adjustment of rent*), but to the tenants on an estate, a sale was as the spring of a wild beast into a fold, or the bursting of a shell in a square' (*See II Ricketts, 1850*).

## SECTION IV —MODERN TENANT LAW

§ 1 *Act X of 1859*

This Act came at a time when the evils of the existing state of things were so patent, that, in giving his assent to the Act as passed by the Legislative Council on 29th April, 1859, Lord Canning was able to say, 'no objection is suggested to the nature of the Settlement which the Bill contemplates' In fact, almost the only serious discussion which arose was on the provision which *made over rent cases to revenue officers sitting as Courts* (with only a reference, by way of appeal, to the Civil Court in certain cases)

I will borrow Dr Field's excellent analysis<sup>1</sup> of the Act under nine heads, and make a few remarks on each These will not be out of place, because there are still a few districts where the Act is in force (as I will presently explain), and in any case the student will hardly understand the effect of the law of 1885 without some idea of what the reforms effected by the first 'modern' tenant law, if I may so call it, actually were

The Act exhibited these main features —

- I The abolition of the landlord's power to compel attendance of *ranyats* at their offices
- II The definition of a few classes of 'tenants' whose rent was *fixed* (not then classifying or attempting any distinction between heritable and transferable *tenures* and *tenancies*)
- III A right of occupancy for tenants (with exception of those on the landlord's home farm—*sū*, *nij-jot*, and *khámár* land—who held on lease from year to year, and excepting also sub-tenants) This right was acquired *by continuous holding* (personally, or by the predecessor from whom the holding

<sup>1</sup> The whole chapter on Act X in Dr Field's book may well be read by students desiring to go a little more into detail (p 743 *et seq*)



descended) *of the same land for twelve years*  
 It was conditional, of course, on duly paying the rent (which was enhanceable, but only on the conditions prescribed in the Act)

- IV Making provision for settling rent-disputes and questions of abatement and enhancement
- V A renewed attempt to bring about an interchange of pattas (leases) and qabúliyats (counterparts)
- VI An attempt to compel *receipts* for rent and to prevent exaction of excess rent
- VII *Distrain* was modified but not abolished
- VIII Transfer of original jurisdiction in suits between landlord and tenant from the Civil to the Revenue Courts (limited *appeal* to the principal Civil Court of the district)
- XI Registration of transfers of permanent transferable interests intermediate between the cultivator and the landlord

## § 2 *Remarks on these Heads—Special classes of Tenants*

I The first head calls for no remark, its natural result was that duress and coercion were prevented, to an extent dependent on the raiyats' knowledge of the law, and the perfection of the *subdivisional* system, whereby local courts and the protective action of the 'Sub-Deputy Collector and Magistrate' were brought nearer to the people's doors

II The tenures called '*muqarrarí*' and '*istimárí*,' which were always permanent, and, in the former case had the benefit of a fixed rent, had been acknowledged, as we have seen, from the days of the Regulation VIII of 1793, a rather uncertain protection had also been given by Regulations V of 1812, and XI of 1822, to the old resident cultivators called *qadímí-khudkásht*. The Act of 1859 extended this by allowing *every dependent taluqdár or other person possessing a permanent, transferable, interest in*

land<sup>1</sup> who held at a fixed rent, which had not been changed since the Permanent Settlement, to be exempt from enhancement. Even raiyats (who had not a permanent, transferable interest) whose rents had not been changed since 1793 were also exempt, being entitled to *pattas at those rates*.

And as it was often difficult to carry evidence so far back, the privileged classes were aided by a *presumption of law* that if the rent had not been changed for twenty years before suit, it had been unchanged since the Settlement. The landlord might rebut by showing that a change *had* taken place, or that the tenure or raiyat's holding had been created, and therefore the rent fixed, at some time subsequent to the Settlement.

Dr Field remarks that the only class who would have had any difficulty in producing the rebutting proof (if any existed), supposing they had kept proper accounts, would be the auction-purchasers, a class not entitled to much sympathy.

Head III The occupancy-right after twelve years, was a sort of cutting the Gordian knot of a complicated question. It was quite certain that all the old village cultivators at the time of Settlement were—if in the lapse of ages they had lost actual proprietary rights—certainly entitled to be considered 'ex-proprietors' in some sense. Yet it was not *all* of these that could get the protection mentioned under Head II, and even if they could, there were many tenants of less pretensions who were still, in the belief and feeling of the people, entitled to occupancy-rights. In the sixty years that had elapsed since Settlement, a number of such rights had grown up, and tenancies had been held from father to son, so that a general rule of the kind was more likely to be just in the long run than any attempt to distinguish or classify.<sup>2</sup> I have stated the exceptions

<sup>1</sup> Dr Field thinks this left it uncertain whether the 'jot,' 'hawal,' 'ganthi,' and similar tenures I have described were protected, in popular estimation they were certainly permanent, heritable, and transferable,

but perhaps this could not be legally proved (p. 755).

<sup>2</sup> The draft Bill limited the rule to *resident* raiyats, but this was not adopted in the Act as passed. If some tenants got, under this clause,

which were intended to protect the landlord's home-farm, and give him the full benefit of that

It was further enacted that a decree of Court must, in all cases, be the means of ejectment, and that decree could only be passed on the ground of non-payment of *rent*. It is obvious, however, that a protection from *ejectment* is not sufficient of itself, for if *enhancement* is not also regulated, the landlord might demand such a rent that the tenant could not pay it, and so be evicted on that ground. It was, therefore, necessary to add two more provisions (1) that the landlord *could not enhance without order of the Revenue Court*, and (2) that the Court should only enhance on certain principles

### § 3 *Enhancement, and other Rent-rules*

Head IV — The principles of enhancement were —

- (a) The Court started with the presumption that the existing rent was fair and equitable till the landlord showed the contrary
- (b) The 'contrary' was shown when it appeared that the rent paid was below the prevailing rate payable by the same class of raiyat for land of a similar description and with similar advantages in the places adjacent,
- (c) that the value of the produce or the productive powers of the land had been increased otherwise than by the agency (or at the expense) of the raiyat,
- (d) that the quantity of land held by the *raiya*t proved on measurement to be greater than that for which rent had been previously paid

I may dismiss (d) without remark, as it is not *really an enhancement* at all

(b) is also a question of enhancement only as regards the

rather more than an absolutely accurate criterion of right would have allowed, it was no more than a compensation for years of suffering

The landlords had had *their* innings for sixty years, and if the tenantry now got a little more than was due, it would be hard to complain of it

individual, it makes one man pay as much as his fellows it does not *raise the rent* payable by the class generally.

(c) This is the important ground but it proved very difficult of application. The Great Rent Case of 1865<sup>1</sup>, in which all the fifteen Judges of the High Court gave judgments reviewing the whole history of rent since the Permanent Settlement, was an endeavour to settle it, but while the decision of the majority gave a rule, it was one which it was difficult, if not impossible, to apply in practice.

The enhanced rent was to be calculated so as to bear to the old rent the same proportion that the proved increase of value in produce did to the old value. Or in a *formula* thus —

$$\left\{ \begin{array}{l} \text{Former gross} \\ \text{value of pro-} \\ \text{duce (average} \\ \text{of 3-5 normal} \\ \text{years)} \end{array} \right\} \left\{ \begin{array}{l} \text{Present gross} \\ \text{value of pro-} \\ \text{duce (average} \\ \text{of 3-5 normal} \\ \text{years)} \end{array} \right\} \left\{ \begin{array}{l} \text{Former} \\ \text{rate} \end{array} \right\} \left\{ \begin{array}{l} \text{Enhanced} \\ \text{rate} \end{array} \right\}$$

The first three terms had to be proved, but the difficulty of proving *when* the rent was previously fixed, so as to give the *date* at which the 'former' value was to be taken for comparison with 'present' value, was very great. 'The most experienced officers,' says Dr Field, 'have pronounced the rule to be unworkable, and the Zamíndárs have confirmed the verdict by giving up all attempt to work it in their own interest.'

We must also notice that Act X gives some general rules for *all* tenants. No tenant can be made to pay a higher rent than the rent payable for the previous year, unless a written notice has been served on him before the close of the agricultural year, specifying the higher rent claimed and the reason of the enhancement, and the tenant can contest this, either by suit or in answer to a suit for arrears. This applies to tenants not holding under any agreement, or under an agreement indefinite as to period,

<sup>1</sup> Thakurani Dasí vs Bisheshur Mukharji—*Bengal Law Rep*, Supp Vol (Full Bench) 202. See also

another case—Hills vs Ishar Ghos *Weekly Rep* (special volume)

or under one which has expired or become void by sale of the estate for arrears of revenue

#### § 4 *Pattas and Receipts*

Heads V and VI require no remark. It is now recognized that, what with decrees of Court and improved means of record, it is immaterial whether *pattas* are given or not.

#### § 5 *Law of Distraint*

Head VII — Distraint is to be made only against *cultivators* (i.e. not against farmers, *patnidáris*, &c.), and only for the rent of one year, no distraint is allowed for any sum in excess of the rent payable for the same land in the preceding year, unless a written engagement for the payment of such excess had been executed by the cultivator.

Before distraint, a written notice specifying the demand, and the grounds on which it was made, is required. After distraint, application must be made to the proper officer for *sale* within five days. If the distraint was made while the crop was standing, the cultivator may reap and gather it.

It is stated that these provisions, good as they seem on paper, were not useful in practice.

#### § 6 *Revenue Courts*

Head VIII — The transfer of jurisdiction in 1859 was cancelled ten years later, but that Act (B C VIII of 1869) did not apply to all districts<sup>1</sup>, so that where it or the subsequent Act of 1885 does not apply, Act X of 1859 still retains the Revenue Courts. The reason for giving revenue officers power in these matters, is that the experience of Civil Courts is not always such as enables them to understand revenue practice, and that the settlement of rents depends on facts and circumstances not 'easily reducible to

<sup>1</sup> See § 9, *post*

the usual forms of evidence' Officers daily dealing with land-management, and knowing the local details in many cases, acquire a sense of fitness and a practical power of adjusting rents which are invaluable, but cannot always be adequately explained in a formal judgment

### § 7. *Transfer of Tenures*

Head IX —The provisions for registering transfers of farms, taluqs, and tenures intermediate between the cultivator or the landlord, were thought necessary, and have been retained on a somewhat different basis even in the later law of 1885 (as we shall presently see) But they are said not to work, owing to a fear (which is legally groundless) that registry of a transfer would imply the landlord's admission of its validity On the other hand, the rules were supposed to check secret transfers and transactions whereby one man held in the name of the other, and thus created difficulties in cases where the real owner of the tenure was required to be known and it was believed that they prevented litigation

### § 8 *Some objections to the Act*

Act X of 1859 was not a complete Code of Tenant law, and yet contained no provision that it was not intended to touch any customary right not inconsistent with, or expressly or impliedly disallowed or modified by it It also failed to recognize, as distinct from raiyats' holdings, tenures which, if not easily definable, were, nevertheless, in the popular estimation, permanent, heritable, and transferable

The landlords also objected to the working of the enhancement clauses, which failed where they considered they had a good claim<sup>1</sup>

<sup>1</sup> 'The principal faults of Act X of 1859 have been said to be that it placed the right of occupancy which it recognized in the tenant, and the right of enhancement, which it recognized in the landlord, on a precarious footing It gave, or professed to give, the raiyat a right which he

could not prove, and the landlord one which he could not enforce' (*Introduction to R and T Tenant Act*) Minor amendments have been made in Act X, and appear incorporated in the Legislative Department edition in the 'Lower Provinces Code'

§ 9 *Bengal Act VIII of 1869*

This Act of the Bengal Council was merely a new edition of Act X of 1859, with certain amendments of detail (not of principle as regards tenants' rights). The details need not occupy our attention here, they relate to matters of limitation of suits, to powers of measurement of estates, and so forth. The important change was the re-transfer of landlord and tenant cases to the Civil Courts.

The Act only applied to districts to which it was expressly extended, and these were the permanently-settled, and what I may call 'regular' districts, in the Bhagulpore, Patna, Rájsháhí, Bardwán, Presidency, Dacca, and Chittagong Civil Divisions, and the law did not apply to Jalpáigúrí, Darjiling, the Orissa districts, the Chutiyá Nágpur districts, and the Santál Pergunnahs. It is therefore a local question whether Act X of 1859 (and its amending Acts) still remains in force. It does if declared in force, and if neither Bengal Act VIII of 1869 nor Act VIII of 1885 has superseded it. Act VIII of 1885 is in force in all the Bengal and Bihár districts, not being Scheduled Districts, and is not in force in Orissa.

§ 10 *Local operation of the several Acts*

Full details on this subject will be found in the notes to Section 1 (3) of Act VIII of 1885. The following table is generally correct —

Regulation Districts in the Divisions of—		
	Bhagulpur	} Act VIII of 1885
	Patna	
	Rájsháhí	
	Bardwan	
	Presidency	
	(Dacca) Dakha	
	Chittagong	
Orissa	{ Katak <sup>1</sup>	} Act X of 1859 and amend- ing Acts
	{ Búlasol	
	{ Puri	

<sup>1</sup> Banki, formerly a scheduled tract, has now (Act XXV of 1881) become part of Katak. Angul in Orissa is a scheduled tract, and Act X has not been applied to it.

Chutaya Nágpur	{ Hazaribágh Lohardággá Singhbhum	{ Bengal Act II of 1869 and also I of 1879
Mánbhum		Act X of 1859 and Bengal Act II of 1869
Santál Pergunnahs		Regulation III of 1872 and Rent Regulation II of 1886
Chittagong Hill Tracts		See Act XXII of 1860
Jalpaiguri	(a) South of dis- trict, once part of the old Rangarh District (b) Western Dwarís	Act X of 1859, &c See Act XVI of 1869
Darjiling		Act X of 1859, &c

The Act of 1885 may be extended to any of the Scheduled Districts (by Section 3, Act XIV of 1874), and may be extended to Orissa (by the Act itself, Section 1 (3))

### § 11 *The origin of Act VIII of 1885*

As no one is likely to enter on a detailed study of the present law applicable to the larger and most important part of Bengal and Bihár, without Rampin and Finucane's edition in their hand, it will be my part only to call attention to the salient points

In 1876 a bill for a serious alteration as regards definition of rights was commenced with, but only led to the appointment of a *Rent Law Commission* (in 1879) to inquire into the whole subject, aided by a Committee of experienced officials, indigo-planters, and landlords, to consider the special difficulties of Bihár. A complete draft law was prepared by their means in 1880, but the Government could not accept the draft in its entirety. Several other drafts were then made under various authority, and the present law was introduced into the Legislative Council of India in 1883, and received assent on 14th March, 1885. It was declared to come into force on 1st November, 1885<sup>1</sup>, except certain portions, the operation of which was by law (Act XX of 1885) deferred to 1st February, 1886

<sup>1</sup> Notification, *Calcutta Gazette*, 4th September, 1885



§ 12 *Analysis of the Law of 1885.*

In this Act (as amended by Act VIII of 1886) the following classes are recognized —

- (1) Tenure-holders and under-tenure-holders (e g the *patnidāi* and *daipatnidār*),
- (2) Raiyats { Raiyats at fixed rates,  
Occupancy-raiyats,  
Settled-raiyats,  
Non-occupancy-raiyats
- (3) Under-raiyats (or sub-tenants)

This, it will be observed, obviates the objection to the old Act, as regards reducing holders of *tenures* to being merely a kind of *tenant*

Any non-proprietary holding exceeding 100 bighās, is presumed to be a 'tenure' till the contrary is shown

The tenure-holder, who has paid a fixed rent from 1793, is, as before, protected from enhancement, except on proof that local custom, or the terms of the tenure, warrant an increase, or that the tenure-holder, by receiving reduction of his rent (not being on account of loss of area) has subjected himself to the payment of the increase demanded, and that the lands are capable of affording it<sup>1</sup> And in this (rare) case of enhancement, the limit is (subject to any contract between the parties) such customary rate as other tenure-holders in the vicinity are paying, if such a rate does not exist, then the limit is what the Court thinks fair and equitable And in drawing conclusions the Court will never leave the tenure-holder with a less profit than 10 per cent on the gross collections of rent, and will have regard to the conditions under which the tenure arose, whether it paid a fine to begin with, or was for reclamation, and what improvements have been made The rent once enhanced cannot again be raised for fifteen years

<sup>1</sup> This resulted from an old standing custom that if a taluqdār accepted remission or reduction at one time, he must accept increase at

another It is explained in § 384 of Shore's Minute, printed in the *Fifth Report*, vol 1 p 162

The tenure-holder cannot be ejected, except on breach of some express condition, not inconsistent with the Act. A tenure is heritable and may be bequeathed, and is transferable by registered instrument, or by course of law.

Sections 12 to 15 are the ones altered by Act VIII of 1886 and represent the amended form of the 'Registry' rules for securing that it be known who was the actual tenure-holder, repressing 'banāmi' holdings (see note, p 640), and preventing litigation—noted under Head IX of Act X of 1859.

### § 13 *Raiyats*

The first class of *rāyat* may hold either at a fixed rent or a fixed *rate* of rent, the distinction is obvious. He is subject to the same provisions as to succession and transfer as a tenure-holder, and he cannot be ejected except on breach of a condition (consistent with the Act), whereby he becomes, by contract, liable to ejectment. The second class (occupancy-rāyats) includes, generally all who, immediately before November 1885, had the right of occupancy, by the operation of any law, by custom, or otherwise, so that all existing rights are saved. Sec 18

Not only so, but any tenant (before or after the Act) who has held for twelve years continuously *any* land in the village, whether under a lease or not, becomes a 'settled-rāyat'. It need not be the same plot of land (as under Act X), so that a landlord cannot evade occupancy by shifting the site of the cultivation within the same village.

The holding may have been by means of the person whose heir the present holder is.

A person is a 'settled-rāyat' as long as he holds any land as a rāyat in the village, and for one year thereafter; and even if the tenant *abandon*, but return in time, under section 87 he does not lose his right. The rāyat starts with the presumption in his favour that he has held for twelve years, it is, of course, much easier for the landlord to show Sec 20 (7) how long he really has been there, if he is not a twelve-years' tenant.

Section 21 should be read with Section 178, and the notes, these will explain the object, which is generally, to prevent an ignorant tenant *contracting himself out of the benefit of occupancy*; and especially doing so between March 1883 and the passing of the Act, when the whole matter was in Council, and sharp landlords might have brought pressure to bear on tenants to make such contracts.

Section 22 makes provision in cases of *merger* of rights by transfer, succession, &c

The occupancy-tenant has to pay rent 'at fair and equitable rates'. He cannot be ejected except by Court decree, on the ground that he has used his land in a manner which renders it unfit for the purpose of the tenancy, or has broken a condition (consistent with the Act) on breach of which he is by contract liable to ejection<sup>1</sup>

An occupancy-right (subject to any custom to the contrary) descends by inheritance, but in default of heirs it dies out (i.e. does not lapse to the Crown)

It will be observed that the law is *intentionally* silent as to whether occupancy-rights are *transferable* by bequest, sale, gift, mortgage, &c, or not. The matter is regulated by *custom*, which is saved by Section 183 (See illustration 1 to the section<sup>2</sup>.)

The 'private lands' of proprietors are (as before) protected from the growth of occupancy-rights, only that the subject is specially dealt with in chapter XI of the Act, which provides clearly for determining what *are* private lands.

Thus, it will be seen that comparing Heads II and III of the abstract Act of 1859 (p. 642) a very considerable advance has been made in the law.

<sup>1</sup> And even then section 155 must be read, as it affords a remedy against absolute ejection.

<sup>2</sup> The law on the whole subject of transferability is given at pages 70-2, F and R *Tenancy Act*

§ 14 *Enhancement*

It will here also be interesting to look back to p 644, Head IV (Enhancement) Here we found the law of 1859 was somewhat impracticable It was one of the main objects of the law of 1885 to effect an improvement As far as the *landlords* are concerned, the new rules for deciding an enhancement suit are certainly made easier and more practical, while the *tenant* has been protected by not being allowed, in his ignorance, to bind himself to submit to an unreasonable enhancement, so that 'a raiyat cannot now contract himself out of almost any of the rights conferred upon him by the Act<sup>1</sup>'

The initial presumption (as under the former Act) is, that the existing rent of an occupancy-tenant is 'fair and equitable', the landlord must prove that it ought to be enhanced

A money rent *cannot be enhanced except as provided by the Act*

A produce rent cannot be enhanced at all, and very naturally so, for it is a question of sharing the produce, and this really enhances itself by the rise in value of the share which naturally occurs

Section 40, however, gives either the landlord or occupancy-tenant power to apply for a commutation of a grain-rent into a cash-rent

The specific provisions of the Act stand thus —

## I Enhancement by Contract

The conditions are that—

- (a) Contract is to be written *and registered*, Sec 29
- (b) The rise agreed on must not exceed 2 annas in the rupee,
- (c) The rent fixed is not to be liable to further enhancement for fifteen years

<sup>1</sup> F and R. *Tenancy Act*, Introduction, p xiii

There are, however, provisos added, which should be referred to, for instance, (b) will not apply where a higher rate is contracted for on the express ground that the landlord has made, or will make, an improvement to which the raiyat is not otherwise entitled. The provisos explain themselves, except, perhaps, the first, which refers to the case where a tenant, though entitled to ignore the contract, because not in writing or not registered, has actually paid a certain rate of rent for three consecutive years (which he might have refused if he had chosen)

## II Enhancement by Suit in Court.

The grounds on which a decree can be made are —

Sec 30

- (a) That the rate is below what other occupancy-tenants pay, in the absence of special circumstances,
- (b) Rise in *average local price of staple food-crops* during currency of present rent,
- (c) Increase in productive powers of the land—
  - (1) By landlord's improvement,
  - (2) Fluvial action (which includes a change in the course of the river rendering irrigation possible)

These three grounds are nearly but not quite, the same as the older law, and are such as are usually entered in modern Tenancy Acts<sup>1</sup>

In order that these principles of enhancement may be applied properly, the Act goes on to explain their use

Secs 31, 32, 33, and 34

As to (a) the rates generally paid during the previous three or more years are to be looked to, and enhancement will not be decreed unless there is a substantial difference between the rate so discovered, and that which the *raiya*t is paying. A 'local inquiry' may be ordered with a view of discovering the prevailing rate.

*The caste* of the cultivator will only be taken into consideration when it is proved that the local custom requires it.

<sup>1</sup> The student will find it instructive to turn to the similar sections in Act XII of 1881 (N-W Provinces), section 13, Act XXII of

1886 (Oudh), section 33, and compare them with section 17, Act X of 1859, and this section 30.

As to (b), the average prices for the ten years immediately preceding the suit are compared with the average prices 'during such other decennial period as it may appear equitable and practicable to take for comparison' Then the rule of enhancement, stated in the form of a proportion sum, so that the student may compare it with the old rule (cf p 645, *ante*) will be—

$$\left. \begin{array}{l} \text{Value of pro-} \\ \text{duce in select-} \\ \text{ed 10-year} \\ \text{period} \end{array} \right\} \left\{ \begin{array}{l} \text{Value in 10} \\ \text{years period} \\ \text{immediately} \\ \text{before suit} \end{array} \right\} \left\{ \begin{array}{l} \text{Former} \\ \text{rent} \end{array} \right\} \left\{ \begin{array}{l} \text{Enhanced} \\ \text{rent} \end{array} \right\}$$

Provided that the excess of the second term over the first term is to be reduced by *one-third* in order to give the enhanced rate, and if a ten-year period is not practicable a shorter period may be used

As to (c) The landlord's improvements must have been *registered* The registration (in a book kept for the purpose) will obviate any dispute as to whether an improvement has been made or not And, naturally, as 'improvements' vary, the increase of rent will depend on the amount of increase in the productive power of the soil which is likely to result, the cheapness and costliness of the improvement, the question whether the improvement will require a costly style of cultivation to benefit from it, and lastly, it is important to consider whether the rent is not already so high that the land, even as improved, cannot well bear a higher rate

As all these matters are, to some extent matters of expectation and probability, any decree made is liable to reconsideration, 'in the event of the improvement not producing, or ceasing to produce, the estimated effect' For the case of 'fluvial action,' Section 34 may be referred to

Sections 35 and 36 contain the important general provisos that in no case is an enhancement to be decreed 'which is, under the circumstances of the case, unfair or inequitable', and that if a sudden enhancement would press hardly, the increase may be gradual, i.e. by rises extending over not more than five years till the full rate is reached

Section 37 is also by way of general proviso, since an enhancement on the ground of 'prevailing rate' or of 'rise in prices' (a, b) will not be allowed, if, *within the fifteen years* next before the suit, there has been—

- (1) A contract for enhancement dated after March 2nd, 1883, \*
- (2) A decree for commutation of grain-rent to cash (Section 40),
- (3) A decree for enhancement (or a decree of dismissal of suit on the merits) on the same grounds, 'or grounds corresponding thereto'

It should be added that to facilitate, in future, these  
 Sec 39 inquiries about the value of produce, the law prescribes the maintenance of *price lists* by the Collector

### § 15 *Reduction of Rent—Commutation*

As rent can be enhanced, so there are occasions when a reduction may be called for and justly enforced by law if  
 Sec 38 refused voluntarily. And it has already been mentioned that grain-rents (still so common in Bihār, p 602, *ante*) can  
 Sec 40 be commuted to cash, on demand of either landlord or tenant

Grain-rents are both natural and useful in certain cases and in the early stages of society. If, for instance, in outlying and precarious tracts crops are liable to loss by flood or drought, or locusts or wild beasts, the tenant who has to give only a fraction of the grain—*actually produced and garnered*, receives a practical reduction in bad years, the calamity of season and uncertainty fall on both parties equally. But in other places, where this ground does not exist, other objections come to light—fraud and concealment on one side, over-estimate and extortion on the other, and the loss to the tenant of a rise in value. As the country becomes more settled, and cultivation reaches its limits, the tendency is always to give up grain-rents.

§ 16 *Non-occupancy Tenants*

The ordinary *rayat* is not, and ought not to be, in any country in India, left entirely to 'competition' All tenant laws admit the principle that *some* protection he requires

If a tenant accepts land for the first time, he must naturally accept the terms offered<sup>1</sup>, if he does not like them, let him give up his attempt to get the land, in favour of some one who does, and if the landlord finds that no one will accept his terms, naturally he will come down

But once the tenant has accepted, he cannot be subject to extortion Further enhancement must be by *registered* agreement<sup>2</sup> or by means of what the Act calls an agreement under Section 46, of which presently

*Ejectment* has, also, to be regulated It is obvious that it is of no use regulating *enhancement* without regulating *ejectment*, and *vice versa*

Section 89 has here to be read, because it applies to *all* tenants There is no *ejectment*, except by *decree* of Court, Section 44 gives plainly the grounds on which an ordinary *rayat* can be decreed against<sup>3</sup>

Section 46 requires some remark Supposing the tenant refuses to accept a landlord's demand for enhancement and so becomes liable to a suit for *ejectment*, the landlord must, as a preliminary measure, put into Court a proposed agreement which will be served on the tenant in a specified way If the tenant fails to accept this, a suit for *ejectment* will be lodged When such a suit is lodged, the Court will declare what is a fair and equitable rent and give the tenant the option of paying that,—which will *not be subject to any further enhancement for five years*

<sup>1</sup> See, however, Section 47 A man must be *bonâ fide* a new comer, not a man really already on the land, whom the Zamindâr proposes to treat as a new comer

<sup>2</sup> Unless, as in a previous section, the tenant has *de facto* waived this, by paying for three years the en-

hanced rate which he might have refused

<sup>3</sup> The ordinary *rayat* is ejected for arrears The tenure-holder and occupancy-*rayat* of both classes is not, his tenure is put up to sale (Section 65)



If the tenant will not have this, of course a decree for ejectment will issue Under-ryats are protected by Sections 48 and 49, which need no comment

### § 17 *General Provisions as to Rents*

It will be observed that the whole question of *pattas* has been allowed to drop Receipts for rent are retained, and various provisions are made

The general principles of rent need only be read (Chapter VIII) to be understood.

The old principle about rents not changed since Settlement is retained, and with it the twenty years' prescription already explained

An alteration in *area* of a tenancy may always involve an alteration of rent without infringement of the privileges already noticed

Rent is always payable, subject to agreement or established usage, in four (quarterly) instalments

Sections 56-60 go into details about receipts for rent, and counterparts, which will, perhaps, not prove very effective or be easily enforced

### § 18 *Arrears of Rent.*

Sections 65 to 68 should be read on the subject of arrears, interest is allowed by law, and damages in some cases of wilful non-payment, but not both Any decree for ejectment on the ground of arrears (amount to be specified) can be avoided, if the tenant, within fifteen days, pays the amount with costs

The landlord cannot harass a tenant by successive suits for arrears, having got his decree, he cannot sue again for three months The restrictions on execution of decrees for rent have been removed to a great extent by reason of the application of the Civil Procedure Code subject to certain modifications A decree for arrears of rent must be executed by the landlord himself or a transferee of the

landlord's interest in the land, not by any chance assignee of the decree, on the other hand, there is no restriction as to the order in which certain property must be proceeded against, &c, other than what the Civil Procedure Code prescribes

The tenant's holding is treated as hypothecated for the rent due, and no transfer is valid while any arrears of rent which have accrued are unpaid<sup>1</sup>

### § 19 *Produce Rents*

The Sections 69 to 71 provide for various matters likely to be in dispute, e.g. appointing an officer to make an appraisement of the standing crops, and to make a division (see p 602 *ante*), and defining the right of possession of the crop and the grain at the threshing-floor

### § 20 *Improvements*

Chapter IX deals with a number of additional matters between landlord and tenant, which will give relief. The whole question of improvements is dealt with, defining what an *improvement* is, settling that occupancy and fixed-rate raiyats can always make improvements of all kinds, but that non-occupancy tenants can only make improvements of certain kinds, and giving a convenient power of reference to the Collector, whose decision is final. There is special provision for registering improvements and recording evidence as to their being made, intended to save future disputes

There are, of course, provisions for *compensation* for improvements on ejection. Also, when ejection takes place, there is a protection in respect of growing crops and land prepared for sowing. As the number of tenants fixed in their holdings is now great, a reasonable facility is given

<sup>1</sup> In these remarks, I have gone out of the order of the Act in order to complete the subject, the pro-

cedure sections about execution of decrees, &c, come later on in the Act

to landlords to apply to the Civil Courts for an order to retake a plot of ground wanted for religious, charitable, or educational buildings, on fair terms

### § 21. *Miscellaneous Provisions*

Section 85 regulates the raiyat's power of sub-letting, and Section 90 the landlord's power of measurement. Section 93. *et seq.*, call for some remark, as these provisions will probably smooth over many cases of dispute, where there are co-sharers on an estate, and they are at feud as to the management, this harasses tenants greatly, and a 'common manager' can now be appointed

### § 22. *Distrain*

Passing over some intermediate chapters, it will be observed that Chapter XII regulates the power of distraint. It can now only be done through the Civil Court, and notwithstanding the attachment, the tenant can reap, gather, or store the produce and do everything necessary to its preservation

### § 23. *Record-of-Rights*

I left out of its place Chapter X, which is really the most important feature of the Act, and if I may venture a prophecy, will be gradually acted on, till the only complete satisfaction for all classes of rights is gained, viz a cadastral survey and record-of-rights for every estate, large and small, in the province

Under circumstances stated in Section 101, a survey and a record-of-rights can be ordered for a local area *in any case* with the sanction of the Governor-General in Council, and in certain specified cases without such sanction

And among such cases I may mention that the procedure applies to all estates under the Court of Wards and all *khás* maháls or estates which are or have become the property of Government.

Where this Act is in force, Act VIII of 1879 is repealed, and as Government, in its own estates, as landlord, is subject to the same liabilities to tenant-occupancy and other rights as other landlords, it desires to have those rights defined and protected and its own management facilitated, provision is made for a record-of-rights and a *settlement of rents* (See page 459)

In any area in which this survey and record-of-rights is ordered, the ordinary Courts are precluded from entertaining any suit for alteration of rent or the determination of the *status* of any tenant

#### § 24 *Jurisdiction*

The law of 1885 retains the jurisdiction of Civil Courts over suits between landlord and tenant, except in the case of a survey and record above mentioned. The High Court is empowered to make rules, declaring that any portions of the Civil Procedure Code do not apply, or apply with modifications and, as already stated, the Act itself, in Chapter XIII, makes certain special provisions as regards procedure

#### § 25 *Sale of Tenures for Arrears*

The sale law has (as we have seen), from time to time, dealt with the 'clear-title' to be given when an estate is put up to sale for arrears of the Government revenue, and as tenures, and certain *raiyati* holdings, can be sold for arrears of rent, in executing a decree, there are similar questions as to voiding the subordinate contracts or rights. These are dealt with in Chapter XIV. Briefly, all such subordinate rights are classed into (1) 'protected interests' and (2) 'incumbrances', the former are not voidable, the latter are, but only in certain cases

## CHAPTER V.

### THE REVENUE OFFICERS OF BENGAL

#### § 1 *Introductory*

THE system of public administration by means of District Officers throughout the Provinces, may be said to have been derived from Bengal. There the system originated, there it was modified from time to time by way of experiment, and ultimately issued from the crucible of a very severe testing, in its modern form. It is natural to expect that the system, ultimately perfected in BENGAL, has, to a large extent, been the model on which district government has been developed in all the other provinces.

It will be desirable therefore to examine the administrative machinery of Bengal and to follow the steps by which it has attained its present form, somewhat more in detail than we shall need to do in the case of other provinces.

#### § 2. *General Outlines of Provincial Administration*

I have stated (p. 389), as a general fact, that the main outlines of the administrative system are everywhere the same. Immediately under the Local Government or Administration, with its Revenue Secretaries, i. e. Secretaries who take charge of the correspondence relating to revenue matters, we shall generally find, first, a central controlling revenue authority over the whole province<sup>1</sup>, whether under the name of a 'Board of Revenue' or of one or more 'Financial Commissioners'.

<sup>1</sup> Bombay is an exception, as presently noted

The whole of the province is divided out into a number of DISTRICTS, and these are generally, but not always, formed into groups of three to five as DIVISIONS under Commissioners, who form a supervising and controlling agency, intermediate between the chief authority and the District Officer<sup>1</sup>

The DISTRICT is presided over by a COLLECTOR, who is also the District Magistrate. His general official title is 'Magistrate and Collector,' while in provinces or parts of provinces where formerly what was called the Non-Regulation system prevailed, the District head is styled 'Deputy Commissioner'<sup>2</sup>

The local sub-division of districts, though always carried out, is not so uniform, and will be spoken of later.

The Department of 'Land Records and Agriculture' has now become an integral and important factor in the revenue administration (Bk I, Chap V, p 349), the 'Director,' who may or may not have the charge of Settlements, as 'Commissioner of Settlements,' assists the district officers by systematizing, directing, and constantly inspecting, the preparation of local maps and land records and statistics. These not only concern the Settlement work of districts where that is subject to periodical revision, but intimately concern the revenue administration, as the means of keeping the Collector informed of the progress and state of all estates, with reference to their management, to advances for agricultural improvements, and to the remission or suspension of land-revenue which calamities of season may call for.

Now we must return to the special system of Bengal.

<sup>1</sup> In Madras no 'Division' intervenes between the District and the Board of Revenue. But the districts are large and are subdivided. To some extent, therefore, the officer of a sub-division may be regarded as the real district officer, and the Collector rather as a sort of Commissioner over him. Again, the Board now consists of an aggregate of 'Commissioners,' in charge of different branches of work, and

the reader may, if he pleases, look on the Board as in fact a body of Commissioners, only aggregated in one central office.

<sup>2</sup> The title is still maintained. Formerly, the Deputy-Commissioner had Civil Court powers; moreover, the latter was always a covenanted civilian (by statute), the former might be, and still often is, an Uncovenanted or a Military officer.

### § 3 *The Board of Revenue*

It has already been indicated more than once, that on first assuming the government of 'Bengal, Bihâr and Orissa,' no attempt was made to interfere with the native method of revenue management. In 1769, as we shall see, an attempt at supervision, excellent in theory but impossible in practice, was made. In 1770, two 'Revenue Councils,' sitting at Patna and Muirshidâbâd, were established, and soon after, 'District Collectors' were tried. A Board of Revenue was appointed at Calcutta, to supervise the revenue generally, it consisted of the Governor and Members of Council, with an Accountant-General. After the Regulating Act of 1773, a new experiment was made, the Collectors were withdrawn from districts and aggregated into six 'Provincial Councils'<sup>1</sup>.

These were supervised by the Calcutta Board remodelled as a 'Committee of Revenue.'

In 1781, it was found as might be expected, that district control was indispensable, so the six Councils were dissolved, and Collectors remanded to the districts. The Controlling Committee at Calcutta, up to this time, consisted only of members of the Government. But this was found inconvenient, as the members, in their other capacities, had more than enough to occupy their time. The Committee gradually became a separate body of Civil Servants, but in 1786 the President was still a member of the Government<sup>2</sup>.

Reg II of  
1793

The Regulations of 1793 recognized this 'Board of Revenue' and conferred powers—

<sup>1</sup> Sitting at Calcutta, Bardwan, Muirshidâbâd, Dacca, Dinapur, and Patna.

<sup>2</sup> 'It is therefore full time,' wrote the Court of Directors, 'to adopt a settled plan, and for that purpose we direct that there be a "Board of Revenue" to reside in Calcutta, to consist of one of the junior Members of Council, and four others of the most intelligent of the senior ser-

vants of the Company.'

For the information regarding the official staff, I am indebted to a very good historical sketch prefixed to the *Report of the Salaries Commission* (Calcutta, 1886), to the *Report of the Salaries Commission* (Ministerial Officers), 1868, and to *Papers relating to Village and Indigenous Agency Employed in the Census of 1872* (Calcutta, 1873).

- (1) To summon any officer to the Presidency to explain and justify his conduct, to impose a fine not exceeding a month's salary, and to suspend him from office<sup>1</sup>

No further alteration was made till 1807, and then only to provide supervision for other acquisitions of territory. By Regulation X of 1807 a 'Board of Commissioners' was appointed for the 'Upper Provinces,' and in 1817 a Board for Benares and Bihâr, including two districts of Bengal (This was rescinded by Regulation I of 1819)

By Regulation III of 1822 (still in force) provision was made for the better division of labour, three Boards of Revenue were constituted—one for the 'Lower Provinces,' one for 'Central Bengal,' and one for the 'Western Provinces'

In 1829 a final change was made. The previous history of the Boards marks the difficulty which was increasingly felt as the revenue system developed, cultivation extended, and work increased. The Boards were directly responsible for too much detail and too much judicial work. The idea therefore soon gained acceptance, that it would be better to arrange for the direct supervision of manageable groups of districts by Revenue Commissioners, and restrict the scope of the Board's duties to a general and ultimate control at head-quarters.

The Board of Revenue at Calcutta (at first called the Sudder (Sadr) Revenue Board) remained for Bengal, and the Board for the Upper Provinces became the Board which now sits under the Lieutenant-Governor of the North-West Provinces, the third Board (Central Bengal) was abolished. Bengal was then apportioned into eleven Divisions<sup>2</sup>

The functions of the Central Board at Calcutta being thus restricted to the superior control, it was possible to unite with it what had been, since 1819, a separate Board for Trade, Customs, Opium, &c. This was effected by Act XLIV of 1850, and the title 'Sudder Board' was dropped.

<sup>1</sup> These provisions were never rescinded till Act XII of 1873 declared them repealed as obsolete.

<sup>2</sup> And the North-Western Provinces into nine



The 'Board of Revenue for the Lower Provinces' is henceforth the official designation. Regulation III of 1822 (still in force) enables the Government to empower any Member of the Board to exercise all or any of the powers of the whole Board<sup>1</sup>, this Regulation also states the general powers of control possessed by the Board, though, of course, other Regulations and Acts have to be referred to in order to trace the entire scope of legal provisions giving powers.

The Board of Revenue now consists of two members with two Secretaries<sup>2</sup>. It exercises general powers of control and sanction, and regulates, by the issue of Standing Orders and Circulars, the procedure and conduct of official business in all revenue departments whenever these matters are not directly provided for by Acts of the Legislature, or rules having the force of law made pursuant to such Acts. Some idea of the extent and variety of the duties and powers of the Board of Revenue, in supervising officials, reviewing decisions and orders, sanctioning Settlements, controlling sales for arrears of revenue, controlling the Land Registers, Irrigation, Embankments, Customs, Salt, Opium, Excise, the Court of Wards, Stamps, and many other matters, may be gained by a glance at the columns under the head of the 'Board of Revenue, Bengal,' in the 'General Index to Enactments relating to India,' or to the volumes of Standing Orders.

#### § 4 *Commissioners*

As already indicated, the appointment of Commissioners of Divisions, with general powers of supervision and control, but subject to the Board of Revenue, dates from 1829 (Regulation I of that year). The territorial extent of the Commissioner's charge was then wisely determined to be such, that the presiding officer might 'be easy of access to the people' and be able 'frequently to visit the different

<sup>1</sup> An order has recently been issued (1889) empowering each Member to exercise the whole power of the Board, one in matters of Revenue, the other for Miscellaneous Revenue,

Opium, Stamps, Excise, &c.

<sup>2</sup> By the 24 & 25 Vict., cap. 54, the members and Secretaries are to be Civil Servants.

parts of their respective jurisdictions' At first the Commissioners had Civil Court powers and were Criminal Judges of Circuit They were, however, relieved of Civil Court duties by Act III of 1835<sup>1</sup>, and afterwards were relieved of criminal duties by the appointment of separate Sessions Judges under the Code of Criminal Procedure

In other provinces, it may be mentioned, the union of civil and criminal powers in the Commissioner's office lasted much longer, and has not yet altogether ceased in some provinces In the Panjáb it lasted till the Courts Act of 1st November, 1884 In the Central Provinces it still exists, and so in some other places

Even in provinces where the ordinary civil and criminal (appellate and original) jurisdiction of Commissioners has ceased, the Commissioners have some judicial or *quasi-judicial* duties, inasmuch as under the Tenancy and Revenue Laws, a number of matters are excluded from the cognizance of Civil Courts, and are disposed of by Revenue Officers, and by such officers sitting as Revenue Courts, and the appeal lies to the Commissioners.

In Bengal, rent cases and appeals are heard by the Civil Courts<sup>2</sup>, but there are still important revenue matters in which an appeal of a *quasi-judicial* nature lies from the Collector's order to the Commissioner

Commissioners also retain a general control in police matters The minor changes in the law between 1837 and 1861, which have occurred, do not directly concern us here

The wide scope of the duty of a Commissioner of Division in Bengal is well summed up in the *Salaries Commission Report* (1885-86), and as this gives an excellent general idea of what the Commissioner's duty is everywhere, it may be quoted *in extenso* —

<sup>3</sup> 'Nearly every one of the numerous duties of the District Officer is exercised by him subject to the supervision of the Commissioner of Revenue and Circuit, and even in those

<sup>1</sup> *Salary Commission Report*, chapter II § 9

<sup>2</sup> Except in Orissa, Chutia Nagpur, and the Santál Parganas

<sup>3</sup> § 18 of the *Report*, 1886

branches of public business which do not, ordinarily, come under his immediate observation, he is at any time liable to be called on by Government to interfere or to give an opinion. His work, like that of the Magistrate-Collector, may be divided into administrative and judicial—the former is far more onerous than the latter. A Commissioner's administrative work is very difficult to define, and there is hardly anything, except perhaps taking command of a fleet, or performing a surgical operation, that he may not be called upon, at one time or another, to undertake. He has to inspect the offices of all the Collectors under him once a year, and the Sub-divisional Officers, as far as he can, and to see not only that work is properly performed, but that the people in all parts of the division are treated with due consideration, and all that affects their interest is carefully watched and reported by District and Sub-divisional Officers as well as by the Police. He has to collect information from his District Officers concerning a vast variety of matters, and present it in a suitable shape to Government. He receives constant applications from the Collectors for sanction to the disbursement of money, and the performance of official acts, and to these he replies in some cases by giving sanction himself, in others by referring the question to higher authority. He is also referred to for instructions on all sorts of questions by his subordinates, and these references, if he is an active man, not afraid of responsibility, he answers himself, if he is not such a man, he merely sends them on to Government, or to the Board for orders. He has to write carefully considered opinions on legislative measures while passing through the Council, and a large number of annual reports and occasional reports on a number of subjects. His *judicial* work consists in hearing appeals in Settlement, partition, certificate sale, wards' and Government estates, and under several other revenue laws as well as appeals from ministerial and police officers regarding dismissal or other punishment. Lately, also, the Local Self-Government Act has added considerably to his work, and some Commissioners have also a large amount of political and civil work. Thus, the Commissioner of Orissa is also Superintendent of the Tributary States, a duty which entails on him a large amount of civil and criminal work, besides that of supervision, advice, and guidance to the Rajas of the several estates.

'The Commissioner of Chutia Nagpur has similar work, but

on a smaller scale The Commissioner of Bhagalpur has civil and criminal jurisdiction in the Santal Paiganas, and the Commissioner of Chittagong in the Hill Tracts of his Division'

There are now in Bengal nine Divisions over groups of districts —

1	Bardwan,	over 6 districts
2	Presidency,	„ 6 „
3	Rajshahi,	„ 7 „
4	Dacca (Dháká'),	„ 4 „
5	Chittagong,	„ 4 „
6	Patna,	„ 5 „
7	Bhagalpur,	„ 3 „
8	Orissa,	„ 3 districts (besides political charge of the Tributary States)
9	Chutia Nágpur,	„ 4 districts

### § 5 *Collectors*

In speaking of the Board of Revenue, mention was made that, as early as 1769, 'supervisors' were appointed, with a view to collecting information of all kinds, and to keeping a check on the work of the Muhammadan district officers<sup>1</sup>

They did not continue long in May, 1772, they were styled Collectors, and in 1773 they were withdrawn, as already stated, and the districts left to native officers—'Díwán' and 'Ámil'

After the various attempts at revenue administration by means of local and central committees, District Collectors were again appointed in 1786 The main changes in the office since that time have been with reference to the union of Magisterial and Civil Court powers with Revenue duties At first (in 1787) it was considered desirable that the 'people accustomed to despotic authority should look to one master' But in the course of time, and after several changes enacted by law, the Civil Court powers were

<sup>1</sup> See p 392 The letter describing their duties is given in Field, p 463 The best account of Supervisors I

have seen is in Hunter's *Annals of Rural Bengal*, pp 262 65

withdrawn and Criminal powers alone remained in union with the Revenue powers. It was in 1831 that the Regulations gave rise to the modern office of 'Magistrate and Collector'. But in 1837 the double function was for a time divided, owing to the pressure of Revenue work. The separation was gradually carried out, and up to 1845, Collector after Collector was relieved of Magisterial duty. It was only in 1859<sup>1</sup> that the Magisterial and Revenue functions were again, finally, united.

Though the possession of Magisterial authority in the district is deemed essential for the Collector's position, it is not to be supposed that time would suffice for the chief officers to take a large share in the disposal of the daily work of the Criminal Courts. Various expedients were resorted to, such as the creation of 'Joint-Magistrates' (Act XV of 1843), with which a Revenue Manual is not concerned.

The division of Criminal and Revenue labour has been much facilitated by the modern system of sub-dividing districts and giving local officers charge.

At the present time all grades of Magistrates, whether District Magistrates, or Assistants, or Joint-Magistrates, or Uncovenanted Deputy Magistrates, derive their Magisterial powers from the Code of Criminal Procedure. And under that Code there may be Honorary and other Magistrates who have no official position as Revenue Officers.

The Revenue duties of the Collector, with which alone we are here concerned, were originally enumerated in Regulation II of 1793. His duties have increased in many directions. The land-revenue, which in the days of the decennial Settlement is quoted as 285 lakhs, had risen in 1888-89 to over 380 lakhs<sup>2</sup>. The Collector has to look after the collection of this LAND-REVENUE, involving the sale for arrears in the case of the 'Zamíndáí' estates, and the certificate procedure, as it is called, under the 'Public

<sup>1</sup> Despatch of Secretary of State, No 15, dated 14th April, 1859.

<sup>2</sup> The list of districts and the

number of permanently-settled and other estates can be seen in the table at pp 470-1. See also p 442.

Demands Recovery Act' (B Act VII of 1880) in others He has also the collection of the local or provincial rates, which consist of the Public Works cess (B Act IX of 1880<sup>1</sup>), a cess levied for roads and provincial public works, and the Postal cess (B Act VIII of 1862) which provides for local official postage Besides this, there is the whole subject of the EXCISE revenue under his care (this revenue in 1884-85 exceeded 10 lakhs) To this must be added the supervision of the LICENSE-Tax and INCOME-Tax, and the STAMP Revenue Besides the collection of these revenues, there are all the connected duties which the land-revenue system entails, viz the registration of titles to land, issue and recovery of loans for agricultural improvements, embankments (on the maintenance of which agriculture in many parts depends), irrigation (in some districts), the opening of separate accounts, for shareis and others in estates paying one sum of revenue, management of patwáris in Bihár, various applications under the Tenancy Law (Act VIII of 1885), the management of estates of minors under the Court of Wards, and of attached estates (for recovery of debts due by the owners)

Besides all these matters, there are various miscellaneous duties connected with supply of provisions for troops on the march, the occasional acquisition of land for public purposes, Municipalities and Local Boards, Ferries, Pounds, Emigration, Primary Education, and others, to say nothing of his responsibility as Magistrate for the Police and Criminal administration of the district The District Officer is designed to be the central authority, the 'Hákím,' *par excellence*, of his district Sir George Campbell wrote in 1871-72 (*Administration Report*, Part I, p 66) —

'It is the Lieutenant-Governor's wish to render the heads of districts (the Magistrate-Collectors) no longer the diudges of many departments and masters of none, but in fact the general controlling authority over all departments in each district Departments are excellent servants, but, as he considers, very

<sup>1</sup> With amending Acts, e g II of 1881, and VII of 1881

bad masters. He has therefore, striven to make the Magistrate-Collector of a great Bengal district, generally comprising one-and-a-half to two-and-a-half millions of inhabitants, the real executive chief and Administrator of the tract of country committed to him, and supreme over everyone and everything, except the proceedings of the Courts of Justice.

### § 6 *Collector's Office*

The Collector has under him both an 'English Office,' i.e. clerks and accountants for the correspondence and accounts kept up in English for communication with other offices and departments, and a 'Vernacular Office,' of which, however, the members mostly know English, and make use of it to some extent.

In *Bengal*, the Vernacular Office has long been divided into departments, the *saishtadár*, the treasurer (*khazáncí*), the record-keeper, and the 'taujíh-navís', these are all assisted by native readers and clerks (*Munshí* and *Muharrir*).

The 'Saishtadár' (as his name imports) keeps the 'files' that are pending, and is, in fact, responsible for the supervision of the whole vernacular office and for the care of different records, petitions, and papers, that are undergoing inquiry and are awaiting orders.

The Native treasurer is under the Deputy or Assistant Collector who is in charge of the district treasury, and his duties require no notice here.

The Record-keeper takes care of the records. There is, always, one department for English correspondence, and another for files of vernacular 'cases'. He arranges and classifies the records, keeps the general registers prescribed by the Land Registration Act in Bengal, and makes reports regarding mutations of proprietors, and other matters which the registers show, and he supervises the issue of authenticated copies of papers.

The taujích-navís maintains the revenue-roll and prepares the returns showing the state of the collections, what pay-

ments of land-revenue fall due, what are in arrears, and so forth

There is also the district *Názim* or 'Sheriff' and his *Náib* or Deputy. This person acts as the guardian of property attached, and sees to the issue of processes and notices. Besides which he is the general sort of 'housekeeper' to the District Officer, looking after the furniture, 'pankhas,' the district tents, and so forth.

Some such distribution of business as this—varying of course in details, and in the local titles of the officials—will be found in every Collector's head-quarters office in India.

### § 7 *The Collector's Assistants*

From an early date there were, besides the Collectors, officers called Assistant-Collectors, but they had no legal powers. By Regulation IV of 1821, the Collectors were first formally empowered to delegate to their (Covenanted) Assistants any part of their duties to which they could not themselves give due attention. By Regulation IX of 1833 the appointment of Uncovenanted Officers with the title of 'Deputy Collectors' was legalized.

These provisions resulted (in connection with different laws giving magisterial powers) in the official titles of 'the Magistrate and Collector,' 'Joint Magistrate and Deputy Collector,' 'Assistant Magistrate and Collector,' 'Deputy Collector and Deputy Magistrate (Uncovenanted).'

In 1872, Executive Revenue Officers called 'Sub-Deputy Collectors' were appointed for the purpose of giving local or special aid for particular places or departments of duty. The Sub-Deputy Collector is appointed by executive authority, and can be invested with such powers of a Deputy Collector under various Acts and Regulations as may be necessary. Even *Kánúgos* (of whom hereafter) are now reckoned on the staff of the revenue-agency, as, where they are employed, they can be utilized in various ways, supervising partitions of estates, making assessments in connection with the levy of cesses or rates, and so forth.



In order to facilitate the district management and turn to best account the powers of the various grades of officers, the plan of sub-dividing the district and giving the charge of the sub-division to one of the district officers in subordination to the District Officer, was long ago thought of. In 1845 thirty-four sub-divisions were made, but as the system developed, the number rose to its present figure of ninety.

Attention should be directed to this feature of the Bengal district, because it marks an important difference between that province and the other provinces, where the Native Government had not introduced the system of revenue collection by Zamíndáris. In all other provinces, speaking generally, the districts are divided up into small local revenue divisions, known variously as the 'tahsíl,' the pargana, or the taluka, and when this is the case, there is a native or other officer in charge (called by various titles—tahsildár, mámlatdár, &c.), with his writers and revenue-accountants and treasurers. There are often, under this officer, other subordinates, to aid in the general work of the tahsíl, or taluka, and help in the supervision of the village officials, and finally for each village or group of villages<sup>1</sup>, a system of headmen and village-accountants. Thus there is a complete revenue hierarchy, from the District Collector at the top to the village officer at the bottom. In provinces where this system exists, in more or less completeness, there may be primary sub-divisions of districts in case the district is large, and there is some important town with its connected territory, at which it is desirable to relieve the Collector by posting an Assistant or Deputy.

In Bengal, the revenue history has already shown us how the Zamíndáří system gradually swept away<sup>2</sup> all but the memory of local limits of parganas, destroying the agency of 'Ámils or Tahsildáris, with their Kánúgos and the village Patwáris or accountants. Deprived then, of

<sup>1</sup> Village *patuanis* generally look after groups of villages or 'circles.'

<sup>2</sup> I am, of course, speaking generally. Patwaris in villages (for in-

stance) survived in the Bihár districts, and other features of old revenue days in other places.

what I may call the natural sub-division of revenue-work which facilitates administration in other parts, and there being no field-registers and maps of each village, revenue-management would be now impossible, were it not for the Sub-divisions in charge of Sub-Deputy Collectors subordinate to the Collectors. It may be asked why the need of sub-division of labour has arisen and why such an increase of official work has taken place? The Salaries Commission remarks in answer —

‘This increase in the superior executive staff, is accounted for by the gradual development and perfecting of our Administrative system, the chief feature of which has been a cautious and gradual advance. New laws have been and are being constantly enacted to provide for the growing requirements of the people, to remedy abuses, and to regulate procedure. New measures, undreamt of a hundred years ago, have been introduced as experience showed the necessity for them, and matters once considered of so little importance as to be left to be disposed of by Collectors according to their own ideas, have been made the subject of intricate legal provisions and fenced about with safeguards and restrictions of all kinds. Large as the present executive body may seem when contrasted with that of the early years of the present century, there is little doubt that it is even now barely strong enough for all the work it has to do.’

At this point, then, our account of the Revenue Officers of Bengal ceases to be a guide to what exists in other provinces, and we must therefore devote a brief special study to the local pargana and village agency as it exists in Bengal.

### § 8 *Village Officers in Bengal*

After looking through all the evidence collected in 1872, I see no reason to think that the villages of Bengal were different from those which were found wherever the Aryan conquests extended, or where kingdoms, which, if not Hindu had adopted the Hindu constitution, existed. I do not include in this remark the districts of Chutayá Nágpur

or the Santál Pergunnahs, the villages of which I have elsewhere described

In Chittagong and other places, where the colonization of the waste has been of comparatively recent or modern origin, there are also special features. It is impossible to carry on cultivation in jungle country in India without co-operation, and that implies a grouping of cultivators, a headman—or headmen of the different castes or sections associated, and some artisans and helpers. I am aware of no form of Indian cultivating settlement of which this is not true.

In Chittagong, for instance, with its local institutions—the ‘taif’ and the associated ‘talúqdárs,’ we find that there are headmen of local groups known as ‘Mátabai’ (corruption of the Arabic *mu’tabī* = respectable or trusted man), though they are not officially recognized.

In the ordinary districts in Bihār as well as Bengal, the old constitution is so far traceable, that the ‘headman’ survives with the almost universal name of ‘Mandal.’ He is still hereditary as a rule, but the elective element is not wanting, and the villages would reject an incompetent head, and elect a more promising one. In some cases the term ‘*piadhán*’ is used, but in more than one district I find it doubted whether this does not really indicate a *parvenu* headman, not of the old organization, but one who has gained the position by official interference, and by his own wealth and influence. In villages where, from the earliest days, we can find no trace of any idea of proprietorship except in the lot occupied by the family for clearing and cultivation, we are probably in presence of the ‘*raiyatwái* type’ of village, which was discussed in Book I, Chap IV. And this is a form of land-holding which lends itself to change, for there is a tendency for persons of various kinds to assume the landlord position, the old holders of land becoming his ‘*raiyats*,’ or under-proprietors, or something analogous. And thus it is we so often have traces of the effects of a Rájá’s grant, and other forms of over-lordship, which, at a remote date,

or perhaps at a comparatively modern one, introduced a change. A proprietary body, being the multiplication of a grantee's or of a chief's family, claims the village and divides it into sections, called 'pattí,' or 'muhalla,' and when we find that there are several 'mandals,' one at the head of each section, we may reasonably conclude that something of the kind has occurred. In fact, every member of the proprietary families calls himself, and is called, 'mandal' in Bengal, 'pátel' in Central India, though only one man is the official head, or two or more if there are sub-divisions of the village. These have a certain precedence on occasions—appear first on the *punyá* or first day of rent payment, and receive small offerings, and such like marks of superiority.

Directly the *village* system falls into abeyance, and the State officers no longer deal with the village-heads, for rent collection, but look to larger estate-holders as Zamíndárs, taluqdárs, and the like, the headman drops out of consideration,—but not altogether, for he is still useful, and in some places the estate-holder will assume to appoint him, or rather confirm or recognize his appointment. But the *village accountant* either disappears or becomes the mere servant of the landlord, keeping his accounts with his tenants, without any sense of *public* duty or responsibility, or dignity. The village watchman (*gorait*, *budhwái*, &c.) remains, and so the 'chaukidár' or guardian of roads, and other similar functionaries and the artisans remain of course, still receiving certain grain-dues, or perhaps rewarded by a bit of 'chákarán' or rent-free service land, which the landlord does not, out of policy, resume.

That is, I believe, in brief, the true state of the case as regards the village headmen, and the village accountants in Bengal. In Bihár, the old institutions survived more perfectly, because there the villages seem to have been held by minor chiefs or even petty officers of the Rájá's army,—at any rate, the circumstances were such, that the landlords were small holders the greater chiefs did not often

develop into Zamíndárs, and therefore, even though the village gained a 'proprietor,' or several joint proprietors, the form of its constitution survived moreover as villages paying grain-rents require the services of village officers more than those paying cash rents, the patwáris more generally remained

### § 9 *The Kánúngo and the Patwári*

As the *village* system disappeared under the later plan of farming or contracting for the revenues, so the *pargana* system, of which the *kánúngo* was the representative, disappeared also. '*Qánún-go*' means<sup>1</sup>, the 'teller,' of the 'rule,' but it rather refers to the rule or standard of what was proper in assessment, and measurement, than to any general legal knowledge possessed by the pargana officer. In 1793 it was thought that the retention of the *kánúngo* would be a good check on the Zamíndár, and the latter was required to maintain *patwáris* in the villages, and they were, in turn, to render accounts to the *kánúngo*. But they did no such thing, the one idea of the Zamíndár had originally been—in the days of Mughal decline—to pay as little to the treasury as possible, and therefore to conceal what he really got out of the villages. Under British law, it is true, his payment was positively fixed, but still he felt that, perhaps, something would happen if it was known accidentally what was the real rent-total he got, hence he took care that any accounts he sent in were framed so as to suit his interests. Naturally enough, both *kánúngos* and *patwáris* were soon abolished, the latter being employed by Zamíndárs as their clerks.

But the growing evils which I have described in the last chapter gradually attracted attention, and in 1815 the Court of Directors conceived that the *patwáris* might be made Government servants, the scheme fell through, and

<sup>1</sup> The word ought always to be written with 'q' to represent the true vernacular word, but *Kánungo* with a 'k' has become such a com-

mon revenue term, that I have generally retained the usual but incorrect spelling

the patwáris, where they existed, remained as servants of the landlords. Then it was thought the *kánúngos* might be revived, so as to supervise the patwáris. Regulations were accordingly passed in 1817, 1818, and 1819. Regulation I of 1819 directed the re-establishment of *kánúngos* and defined the duties of patwáris. But these offices are part of certain machinery, they are calculated to work with the machinery as a whole, they cannot be detached and introduced into a totally different system. In 1827 it was found that the *kánúngos* had done nothing, and that the land-owners had been determined in their opposition. In Orissa alone (where the Settlements are temporary village Settlements) *kánúngos* and patwáris have survived.

‘Efforts have, of late, been made,’ says the author of the Report of 1883 on the Land-Revenue system,—

‘to revivify patwaris. Throughout the province provision was made for their appointment, or for the performance of their duties in all Settlements, under instructions issued in 1872.’<sup>1</sup> As a rule, in every estate of which the revenue was above R 300, remuneration for a *patwari* formed a set-off against the assessment and in a smaller estate, the Settlement-holder engaged himself to perform the duties required of a *patwari*. Except in Orissa and Bihar, however, no successful results sprang from the attempt.

The system was generally condemned by officers in *Bengal proper* as being vexatious and irritating to the landlords, useless for all practical purposes, wasteful of Government money, and opposed to the present customs and traditions of the land-owning classes. The Government, therefore, at the suggestion of the Board, directed that no further attempts should be made to revive the institution, and that allowances granted in the estates should be resumed.

<sup>1</sup> By Sir G. Campbell, whose official life had mostly been passed where village Settlements were in force, and where the *patwari*, being a natural feature of the system, was indispensable. The use of *patwaris* in Orissa and in Bihar illustrates this. In these districts there is

more of ‘village’ management in the system, and just in proportion as that is the case, the utility of the village accountant becomes more manifest—it may be but little, for even the Orissa *patwáris’* accounts are said to be quite untrustworthy.

'In Bihar (and in the Munger district) steps were taken to give the system a more effective existence. The reorganization has been completed in Munger, and has reached an advanced state in the Bihār Districts'

The report from which this is quoted is dated 1883 and it is there stated that fresh legislation would be required but I have not seen any proposal on the subject during the six years that have since elapsed<sup>1</sup>

The *Settlement Manual*, 1888, at p 18, gives the rules for entertaining patwāris in Government estates, or estates held direct or under farm. In temporarily-settled estates where Government is not proprietor the Settlement naturally makes provision for the patwāris who will maintain the records. A patwāri is separately found for each estate or group of estates, having a rental of Rs 2000

### § 10 *Chittagong Local Establishments*

The Chittagong District has always been an exception there being no Zamindārs of large estates, but only small holdings in groups of very independent taluqdārs, almost like a raiyatwāri country, the kánungo has always been useful, and the country is now divided into 'tahsils,' with tahsildārs under whom the kánungos work very much as in Northern India

<sup>1</sup> It was still undetermined in 1887 (see Board's *Annual Report*, Section 137) Regulations XII of 1817 and I of 1819 are still in force (nominally)

If I may venture an opinion, further legislation may give a certain legal status to the officers, but it will not infuse life into them. Pat-

wāris require kánungos under orders of the Land Record Department, to inspect them but the patwari can do nothing unless he has accounts, maps, field-indexes, and records determined by authority to start with. That he has not in Bengal, herein lies the futility of all schemes for utilizing them

## CHAPTER VI

### LAND-REVENUE BUSINESS AND PROCEDURE

#### SECTION I.—INTRODUCTORY

I DO not propose to go into any *detail* on these subjects, the object of this chapter is merely to indicate how certain main heads of administration are provided for. For the Permanent Settlement, with its total absence of survey and record-of-rights, has left a necessity for a variety of special laws.

For example, there is the Registration of landed property. I do not here speak of the ordinary Registration law under which bonds, mortgages, and other documents, are either compulsorily or voluntarily registered, but to the maintenance of registers or lists of the various landed interests, which shall have public credit or authority. The preparation of such registers has also been brought about indirectly in various ways. There is the direct law, beginning with the old regulation for making five-yearly registers of Proprietary estates in the Collector's office. Then another record grew out of the necessity for imposing on all estates a cess for maintaining roads, and local public works as will presently appear. A still further registration was brought about by the sale-law. We have already seen how early it was perceived to be necessary to give full value to the prior lien of the State on all land for its revenue-dues. This could not be effective if the land were so encumbered by the defaulting holder that at sale it would fetch nothing. So that in some form,



or to some extent, it became a matter of necessity to record such encumbrances, and distinguish those subordinate interests, which, in common fairness ought not to be avoided, such (for instance) as might not have been created by the landlord in full knowledge that his acts would be held subject to the prior claims of the State. After many changes which have been incidentally sketched in the preceding pages, the device was hit on of opening certain registers, and allowing that interests registered in the one or the other should have a certain protection in the event of the estate going to auction for arrears of revenue.

Another outcome of the special system is the 'Certificate Procedure' of Bengal. When an estate cannot, or will not, pay its revenue, it has always been the legal remedy to put it up for sale. But in Bengal, besides the Zamíndarí estates which are so dealt with, the Government has a number of estates, held by itself, or under its management, and has rents and other dues to get in where there is no estate to sell, and where some other less formal and (to the State) less troublesome method than a law-suit and the execution of a decree, had to be devised.

The special *Survey law* was another outcome of the state of things which has grown up out of the Permanent Settlement.

Again, the local circumstances of Bengal, and the action of rivers in some districts, have also necessitated a special law regarding *drainage*, by which important works can be carried out by local Commissioners under the supervision of Government. A similar law also deals with watercourses and *embankments*, or works both for retaining water in tanks or reservoirs, as well as keeping out water where, but for the embankment, it would flood the land and convert it into a marsh. Formerly, it would seem the native Governments entrusted the duty of maintaining public watercourses and embankments to the Zamíndárs as public officers, and allowed them to deduct from the revenue certain charges under the name of 'púl-bandí' and the like. At Settlement our Government determined to assess the revenue

in one sum, on which no deductions were to be allowed. But the Zamindáris still bound themselves to some extent, and in general terms, to maintain embankments<sup>1</sup>. All this was, however, very indefinite, and from time to time Regulations were passed to deal with the subject. The existing law is in Bengal Act II of 1882.

Besides these more special branches of Bengal Collectorate law, there are the usual subjects (relating to land) of partition of estates, acquisition of land for public purposes, management of estates by the Court of Wards (Act (B) IX of 1879 and amending Acts)<sup>2</sup>.

I now proceed to notice specially, a few of the more important branches of business, confining myself to those directly connected with land-revenue.

## SECTION II—REGISTRATION OF LANDED PROPERTY

### § 1 *Object and Practice of Land-Registration*

It was the intention of the legislature from the first, that there should be at least one Register kept up, showing the extent and particulars of each estate separately assessed with revenue payable to Government. The object was to enable the Collectors to apportion the revenue in cases of partition, and to enable the Civil Courts to know when an estate changed hands, or happened to be transferred from one district to another. The registers were first directed to deal with the land as grouped by estates only<sup>3</sup>, but after-

<sup>1</sup> But *construction* was to be undertaken by the State. One of the clauses of the Zamindár's engagement used to be 'the construction of "beris" (small embankments), the excavation of silt from "khal" (water courses), the construction of "gangura" (larger embankments) in connection with the salt and sweet lands of the pargana, shall be made by the Government of the Hon'ble Company'. The whole history of the Regulations relating to embankments is given in a High Court

judgment (I L R, 7, Calcutta, 505) quoted at length in H A D Phillips' *Revenue and Collectorate Law*, p. 165.

<sup>2</sup> The New Guardian and Wards Act, VIII of 1890, which has simplified and consolidated the general law of minors, &c (and repeals the old Act XL of 1858) does not touch the Bengal Act quoted in the text (See Sec 3 of the new Act).

<sup>3</sup> And any estate might have lands belonging to it scattered over half the district or extending into other districts. Reg XLVIII of

wards 'pargana registers,' dealing with the lands as they lay, and accounting for every plot in each pargana and its subdivisions, were ordered. The law on this subject was never very well carried out, and the Regulation was both cumbersome and incomplete. It is, however, unnecessary in this place to dwell on the history of the past, it is enough to turn to the present law (Bengal Act VII of 1876)<sup>1</sup>

The object of the registration is simply to know who is the person answerable, as in possession, for every plot of land in the district, whether revenue-paying or revenue-free. Every person in possession, whether as owner or manager of the land, or of any share in it, is bound, under heavy penalty, to register. Registration is optional in the case of mortgagees who have a lien but not possession of the soil.

The Act does not apply to certain special localities, e.g. the Western Dwáís, the Kolhán estate, and the political estates in the Singbhúm district. The possibility of overcoming the difficulties of the old system is largely owing to the land-survey, of which mention will presently be made. In the course of the survey, descriptive lists of the land were prepared (and the survey followed the local areas or villages, or was, in revenue language, *mauzawár*). Registers showing the *estates* as made up of lands in different villages, or of groups of villages locally compact (i.e. mahálwái registers), are easily prepared from those first mentioned, by simply abstracting them. In September, 1888, the Board noticed in a circular, that proposals for legislation to enforce the record of all changes subsequent to the initial registration, had been abandoned for the pre-

1793 was the first law that directed an (English) alphabetical register, with a supplementary register of changes by sale, inheritance, &c., and every fifth year the registers were to be written out anew. The Regulation was amended by No VIII of 1800, but up till 1876, practically, the registers were not properly kept, nor were any penalties enforced. Such registers as

there were did not explain who the owners were and furnished no information at all about under-tenures and rayats.

<sup>1</sup> As amended by Act V of 1878. See also Chapter V of the *First Volume of the Rules of the Revenue Department* (edition of 1878), with additions prescribed in September, 1888, by Board's Circular.

sent But 'various disqualifications are now imposed by law on those who neglect to register Under Section 78 of Act VII (B C) of 1876, no one is bound to pay rent to an unregistered proprietor A revenue officer making a Settlement of rents under the Tenancy Act (1885) may refuse to entertain an application for enhancement or settlement of fan rents from a proprietor who is not registered It is only registered proprietors who are entitled to partition (*batwāia*) or to open separate accounts with the Collector whether for revenue or cesses, to bring a *patnā* to sale, to object to common or special registry (of this hereafter), and to claim surplus sale-proceeds on the estates of which they are proprietors being sold for arrears of revenue' In order to facilitate registration, the Board supply, free of cost, *forms of application* which are to be had from stamp-vendors and others

## § 2 *Form of Registration*

The registers at present required by law are —

(A), a register showing the revenue-paying lands in the district This is divided into two parts, to show the lands which belong to estates the revenue of which is payable in the district, and lands within the district, which form portions of estates whose assessment is payable in other districts

(B), a register of revenue-free lands This is divided into three parts showing (1) perpetual revenue-free grants, (2) lands held by Government or companies for public purposes free of revenue, and (3) unassessed waste land and other lands not included in part 1 or 2

(C) is a register of lands paying revenue and those held revenue-free, arranged '*mauzawāi*,' i.e. the register is a list of the villages in each local sub-division (adopted for the purpose by order of the Board) and accounting for all the lands in each village, showing to what estate each belongs, which are revenue-free, and so on

(D) is an 'intermediate' register for all kinds of land

showing the changes in proprietary rights resulting from sale, succession, lapse, or other transfer, and changes caused by the alteration of district and other boundaries

The registers are only re-written when the changes have become so numerous as to affect the original register very considerably and make it no longer of any use for reference. The Act makes it obligatory on persons interested to give information with a view to the preparation of the registers. It should be borne in mind that registration only describes the person in possession. It decides no question of right. Section 89 of the Act expressly states that any one may sue for possession or for a declaration of right, the Act notwithstanding.

### § 3 '*Dākhil-khārij*'—*Subsequent Changes*

The proceedings for reporting and registering changes in proprietorship are spoken of as '*dākhil-khārij*,' and closely resemble the same procedure in other provinces. The '*dākhil-khārij*' proceedings are solely concerned with the fact of, or right to, possession. If the applicant's possession of, succession to, or acquisition by transfer of the property is disputed, the Collector will summarily determine the right to possession, and will then see that the party is put in possession, and will make the entry in the register accordingly<sup>1</sup>.

The details of procedure for obtaining mutation of names will be found in the Act.

The work of registration is now practically complete, or will shortly be so. In 1887 it was reported complete in thirty-seven out of the forty-three districts to which the law applies, and was practically complete in the remaining districts. In the Orissa districts and in Chittagong there was a source of unusual labour in the number of petty revenue-free holdings, and the work was brought to a close by rejecting from registration very small free-holdings.

<sup>1</sup> Bengal Act VII of 1876, section 55, as amended by Act V of 1878

*Dākhil* means 'entering' *khārij* is 'putting out'

§ 4 *Registration of subordinate Interests in Land*

It will be observed that these registers do not profess to deal with any subordinate rights or interests, there is nothing in Bengal which answers to the 'Record-of-Rights' of the North-West Provinces<sup>1</sup> It so happens, however, that the Road and Public Works Cess, Bengal Act IX of 1880<sup>2</sup>, has resulted in a record of subordinate rights also The results are, however, vitiated by the system of summary valuation (for purposes of the Cess calculation) which the Act necessarily provides This summary valuation 'withdraws from sight all details of tenures, under-tenures, and *rayatî* holdings contained in such estates or tenures as are summarily valued' 'In the instructions issued to officers<sup>3</sup> under the Act IX of 1880 (B C) an attempt has been made to remedy this defect in the returns, by declaring that the least possible recourse should be had to the process of summary valuation' The Road Cess is a tax levied on all classes of proprietors, including every grade of tenure-holders, down to a limit of cultivators paying R 100 in the year as rent, and hence a register has to be made of them There is no legal validity, as evidence of right, attached to these returns

There is another method, however, of registering under-tenures We have seen that it has been always the law that when an estate is sold for arrears of revenue, all leases and under-tenures (with certain exceptions<sup>4</sup>) are liable to be voided, and the purchaser gets a clear and complete 'Parliamentary' title This is so under the Sale Law (Act XI of 1859) and its Amending Acts<sup>5</sup> To protect such

<sup>1</sup> Except of course in Government estates or in temporary Settlements under Regulation VII of 1822, or in cases where, under the Tenancy Act, Chapter X, or other special (local law), records of rights are made

<sup>2</sup> Acts X of 1871 and II of 1877 have been repealed and superseded by the Act quoted in the text

<sup>3</sup> The Board has issued a collection of Rules called the *Cess Manual*, 1888

<sup>4</sup> Now contained in section 37 of Act XI of 1859

<sup>5</sup> Act (B C) III of 1862, Act (B C) VII of 1868 Act (B C) II of 1871, and Act VII (B C) of 1880

Act XI of  
1859, sec  
38 to 50

Sec 10

Sec 11

tenures, the Act provides<sup>1</sup> that they may be registered either in a 'common' or a 'special' register<sup>2</sup> Registration in the former protects them from being voided on sale of the estate for arrears, *by any party other than Government*, and special registration protects them *absolutely* The Act also provides that the rights of *shareis* may be protected (and this is important, because otherwise the default of one sharei might cause the whole estate to be sold) 'Separate accounts' are opened with shareis on application Separate accounts can also be opened for shareis, who not only have a specified fractional interest in an estate (and therefore are liable for a known fraction of the revenue), but whose shares consist of 'a specific portion of the land of the estate' Section 70, Act VII of 1876, also contemplates separate accounts of 'complex shares' as therein described And Part V of Act VII of 1877 (Land Registration) should be read as to 'separate accounts' generally

For the procedure necessary to the registering, the Act itself must be consulted

### SECTION III—COLLECTION OF THE LAND-REVENUE

#### § 1 *The Tawrah Department*

For the purposes of revenue collection, besides the lists of estates just described, there must be kept up lists showing the revenue payable by each estate or separately assessed portion of an estate There is a general district revenue-roll, divided into two parts—one showing the revenue fixed permanently or for a time, and payable by

<sup>1</sup> See Board's Rules, vol 1 ch 11

<sup>2</sup> Up to the end of 1887, the 'common register' contained 2502 holdings with an area of 28,037,819 acres, and a revenue of R 1,21,94,842 The 'special register' contained 256 holdings of 8,861,964 acres, with a revenue of R 30,85,888 The tenures registered were 'common' 4440 (rental R 24,35 234), and

'special' 389 (rental R 46 099) Separate accounts (under section 10) were 40 524, with a revenue demand of over 60½ *lakhs* Accounts for specific shares (section 11) were 3680, with a revenue demand of over 4½ *lakhs* Accounts under section 70 (Act VII of 1876 B C) were 7,061, with a revenue demand of something over 5 *lakhs*

proprietors, farmers, or other engagees for the whole, the other showing the rent or revenue in estates in which the raiyats pay direct to Government. It is not necessary to go into further detail on the subject<sup>1</sup>.

## § 2. *Sale Laws*

The effects of the Law of Sale for arrears have been noticed in previous chapters

The present law on the subject is to be found in Act XI of 1859, as amended and amplified by Bengal Acts III of 1862 and VII of 1868, and still more recently by Bengal Act VII of 1880 for the recovery of 'Public Demands'

An 'arrear' accrues, if the 'kist' (properly *qist*) or instalment of revenue due for any month remains unpaid on the first of the following month. In some cases notice for fifteen days before sale is required, and the later Act enables Government to empower Collectors to issue warning notices in all cases

Act XI of 1859, secs 2 and 5  
B Act VII of 1868, sec 6

Shareis of joint estates can protect themselves from their shares being sold for arrears along with the rest of the estate, by applying for and obtaining an order for a 'separate revenue account' of their share, as I mentioned at page 688. But if on a sale being notified (subject to the exception of the separate shares), it is found that the estate, subject to such exception, will not fetch a price equal to the amount in arrear, then notice is given that, unless the recorded sharers make up the arrears and so save the estate, the whole estate will be sold. I pass over the rules for re-sale in case the auction-purchaser fails to pay the purchase-money in due time, and here only notice that there is an appeal (final) to the Commissioner against a sale in certain cases. The Commissioner may also suspend a sale in cases of hardship, and report to the Board, on

B Act VII of 1868, sec 2  
Act XI of 1859, sec 26

<sup>1</sup> The detail may be found in chap vi, *Rules of the Revenue Department*, vol 1 (1878). The revenue roll is written up by the *Taujih-navis* the establishment which

keeps the rent-roll and the accounts of each estate, with the amounts, collections, and balances, is spoken of as the *Taujih Department*



Act XI of  
1859, sec  
33

whose recommendation the sale may be annulled (after it has taken place) by the local Government. The jurisdiction of the Civil Courts to annul a sale, on a regular suit being brought for the purpose, is also defined

Act VII of  
1868, sec  
11

As already noticed, a sale for arrears hands the estate over to the purchaser with a clear title the purchaser may void and annul all leases and subordinate tenures, except those specified in Section 37 of the Act XI, and those which are protected by registration 'Tenures,' and interests like fisheries, and other interests arising out of lands not being 'estates' (land or shares in revenue-paying land) may be sold like estates for arrears of revenue

The sale law, which at first worked very hardly, is now little felt. The average annual number of defaulting estates and *shares* during the last ten years, has been 9126, of which only 1624 or 17·8 *per cent* have actually been sold

For the details of Sale Law Procedure the student will naturally refer to Mr Gumley's *Manual of Sale Law* published by the Bengal Government. But I must warn him that the Sale Law is being consolidated and redrafted by the Board of Revenue, but the Bill will not be completed nor come before Council in time for me to give any information about it in this chapter.

### § 3 *Certificate Procedure—Public Demands Act*

There is a *Certificate Procedure Manual*, 1885, which gives the detailed rules on this subject<sup>1</sup>. As sale of the estate is the only remedy for revenue default, it follows that some further procedure is needed for the collection of rents in Government estates and other public demands to which the sale law is inapplicable. Bengal Act VII of 1868 was intended to provide for the recovery of such demands, and Act VII of 1880 amended the law. It is only necessary to allude to the subject, the practice being quite simple. Briefly, the Collector records a 'certificate of arrears'

<sup>1</sup> To be had in the Bengal Secretariat Press

which acts like a decree of Court, and can be executed continuously till all is paid, subject, of course, to the law of limitation

## SECTION IV — SURVEY

I have already given a description of the survey work in Bengal (see p 456 *ante*) Here it is only necessary to allude to the laws applicable

Previous to 1875, as far as permanently-settled estates were concerned, the process of revenue-survey was carried on without any authority given by law Regulation VII of 1822 could not be quoted, since it applied to non-permanently settled estates, and could not warrant any action with reference to estates in which there could be no question of re-settlement In 1847, indeed, a law had been passed regarding the survey of lands liable to river action<sup>1</sup>, and the principles of this law are still maintained under the Survey Acts The whole business of survey is now regulated by Bengal Act V of 1875<sup>2</sup> It is not my intention to go into any detail as to the procedure, but a general outline may be given so as to furnish a clue or guide to the study of the Act itself when necessary

The Act allows a survey to be made extending not only to districts and to estates, but, if ordered, to defining fields and the limits of tenures<sup>3</sup>

<sup>1</sup> Act IX of 1847 (amended by Act IV (B C) of 1868) In the case of the alluvial lands the survey is treated as a special matter, it is required only along the banks of the great rivers At present the special branch which deals with this work—the 'Diyara (Dearah) Survey' as it is called—is confined to the Dacca Division It is worked by non-professional agency under the Deputy-collectors The object is to 'identify and relay on the ground the boundaries of villages which have been subject to fluvial action and of which the boundaries

cannot in consequence be identified, also to ascertain and assess lands which have been added to the estates by accretion' (*Board's Revenue Administration Report, 1879-80, § 92*)

<sup>2</sup> As amended by Act VII (B C) of 1880, with regard to the recovery of demands under the Act (sec 5)

<sup>3</sup> But, of course, has nothing to do with defining or recording rights, that has to be done under chap x of the Tenant Act, 1885, or the Settlement Act of 1879, as the case may be, in the cases where it is lawful to order it

After provisions relating to establishments, the Act requires a proclamation to be issued, and persons to attend and point out boundaries, clear lines, and so forth, so that the survey may begin

When the demarcation is complete, the persons who pointed out the boundaries are required to inspect the papers and plans representing such boundaries, and to satisfy themselves as to whether the boundary-marks have been fixed according to their information. The plans and papers are to be signed by these parties, in token that the marks *are* shown in the maps or papers in the places where they declared they should be

Secs 19,  
20

The Collector can always set up temporary marks, and may also set up permanent marks, after notifying their number and cost and giving opportunity for objections to be heard, he may direct the cost to be apportioned among the land-owners or tenure-holders concerned. Provision is made for the permanent maintenance of these marks

Act, Part  
V, sec 40,  
&c

Passing over the detailed provisions for determining who shall bear the cost of the boundary-marks, and how it is to be apportioned, I proceed to the subject of boundary-disputes. Here the Collector is to decide on the basis of actual possession, and his order holds good till it is upset by competent authority. If possession cannot be ascertained, the Collector may attach the land till one party or the other obtains a legal decision; or the Collector may, by consent of the parties, refer the matter to arbitration. There are also excellent provisions for relaying any boundary which has once been decided, but which has become doubtful or disputed

Full provisions also will be found for protecting boundary-marks from injury and restoring them when damaged

The Act, it will be observed, does not say anything about the records and registers which the Survey Department prepare

These particulars, and rules about the scale, and so forth, must be sought for in the Board's Revenue Rules

## SECTION V —PARTITION OF ESTATES

This generally finds a place among the topics of revenue procedure. Owing to the fact that by the native laws the sons or other heirs succeed together, it follows from our modern ideas, that any one of a joint body may require that his interest and share should be separated off and assigned to him. This process is called 'batwára' or partition. But, then, such a separation may affect the Government revenue since, if an estate assessed with, and liable as a whole for, one sum of revenue, is afterwards divided into, say, four properties, the Government interest would be considerably affected, unless the whole group remained, as before, liable for the entire revenue.

This fact has led in Northern India to a distinction between 'imperfect' and 'perfect' partition. When the partition is imperfect, the different shareholders get their private rights separated and declared, but the whole estate still remains liable to Government for the whole revenue. In 'perfect' partition the responsibility to Government is also divided, and the shares henceforth become separate estates, entirely independent one of the other. It has always been therefore a moot question how far partition should be allowed. The question, indeed, has most interest in those provinces where the village Settlement-system is in force. That system, as the student will have sufficiently gathered from the Introductory Chapters in Book I, is based on the joint responsibility of the community, for the lump sum assessed on the village area.

In Bengal the land unit is different, but still the breaking up of a compact estate liable to sale as a whole, for the revenue assessed on it, into a number of petty holdings, each separately liable for its fractional assessment, and possessing a very reduced market value in consequence of its small size, has been felt to be a real difficulty. On the other hand, there are interests which benefit by partition.

The tenants on a joint estate are often seriously harassed by having to pay their total rent in a number of fractions to different shareholders, each insisting on collecting his own separate payment. A separation of the interests tends to alleviate this<sup>1</sup>. The question, therefore, of regulating partition long remained under discussion. It had been dealt with by Regulations in 1793, 1801, and 1803. In 1807 a limit had been put to the division, and no share assessed with less than R 500 revenue was allowed to be separated. This Regulation, however, was thought to go too far, and was afterwards repealed<sup>2</sup>. The subject has been more recently set at rest by the passing of Bengal Act VIII of 1876.

This Act contemplates only one kind of partition, i.e. the complete separation of the estates, not only as regards the private rights, but as regards the responsibility for the revenue. But no partition made after the date of the Act coming in force (4th October, 1876) other than under its provisions, though it may bind the parties, can affect the responsibility for Government revenue. There is a limit, but only a very low one, to partition. If the separate share would bear a revenue not exceeding one rupee, the separation cannot be made, unless the proprietor consents to redeem the land-revenue, under the rules for this purpose. Partition can be refused when the result of it would be to break up a compact estate into several estates consisting of scattered parcels of land, and which would, in the opinion of the Collector, endanger the land-revenue.

For the procedure of a partition case, how disputes are settled, how the final order is recorded, the Act must be referred to. The proceedings are held 'on the Revenue side' before the Collector.

<sup>1</sup> This difficulty of fractional payments will be found discussed in

Macneile's *Memorandum*, chap. xvii

<sup>2</sup> By Regulation V of 1810

## SECTION VI.—ESTATE MANAGEMENT

§ 1 *Government Estates.*

While speaking of the Collector's general revenue duty, it is impossible to avoid mentioning one branch which is not represented by any particular Act. I refer to what is called 'khás,' or direct management, of estates belonging to Government, where no one is entitled to a Settlement, or of estates where a person entitled declines the terms of Settlement and is therefore excluded for a term (with a 'málikána' allowance) 'It was formerly the custom to let estates of this kind in farm, but in 1873 the practice was condemned as injurious to the interests of the property, and the tenantry. There are 1061 estates with an annual revenue of R 26,27,360 under the direct management of the revenue officers throughout the Lower Provinces<sup>1</sup>' Estates are either managed by the revenue officers as part of their ordinary duty, or, in case of larger estates, by special managers with suitable collecting establishments. The management charges are met by setting apart 10 per cent of the total collections as a fund (credited to Land-Revenue Receipts in the public accounts) for meeting the costs, 7½ per cent is placed at the disposal of the Board of Revenue for expenses of management, Settlement, measurement, and improvements and 2½ per cent is devoted (not under the Board) to education and roads.

§ 2 *The Court of Wards*

A most important branch of management duty is the care of Wards' estates, regulated by Act IX (B C) of 1879 (amended by Act III of 1881). There is also an excellent manual of rules issued under the authority of the Board of Revenue.

I cannot forbear making another extract from the *Report (on Land-tenures)* of 1883, on the results attained

<sup>1</sup> This is exclusive of such estates as are still, for special reasons, farmed (*Report* 1883, p 29)

by the management (under the Court of Wards) of the great estate of Daibhangá (1860-1879) The extract not only speaks of the benefits conferred, but incidentally affords a vivid sketch of the varied subjects which come under the Manager's notice I will only add that effort is made, when an estate comes under the Court of Wards, to get a survey and record-of-rights, but it is not always that the resources and circumstances of the estate make such a course possible

'The Darbhanga Raj is the largest property which has, for many years past, been under the charge of the Court of Wards. When the Court took charge, in 1860, its condition seemed almost hopelessly bad The gross annual rental was nominally R 16,39,357, and the Government revenue only R 4,07,484 But the management had for years been left entirely in the hands of underlings All the villages were leased to farmers, most of them relatives of the Raj servants, who had got their leases on favourable terms Others were outsiders, men of straw, who had nominally undertaken to pay rents far above the value of the lands, and who made what they could by rack-renting the ryots and levying illegal cesses, without attempting to satisfy the Raj demand Security for payment was never taken from the farmers *Pattas* and *kabuliyats* were seldom interchanged. The correct rental of the villages was nowhere recorded *Patwaris'* papers were seldom forthcoming The outstanding arrears of rent, at first unknown, proved to amount to R 56,44,972 There were other debts due to the estate, aggregating R 3,37,775 The debts alleged to be due by the Maharaja to creditors amounted to a crore of rupees, of which the Court of Wards was compelled to admit R 71,88,427 The estates were destitute of roads and bridges The palace was neglected and in ruins, its courtyards quagmires, its environs a hopeless waste of jungle, pools, and filth. Notoriously all the epidemics of the town took their rise in the Rajbari There were no refuges for the sick, no resting-places for travellers, not a school in the whole estate No productive works of any kind had anywhere been attempted

'On the surrender of the estate to the Maharaja, in 1879, all this had been changed The rent-roll had been re-adjusted, and although reductions of rental had been made, amounting

to R 5,92,323, the gross rental (including that of a few small properties purchased) was R 21,61,885. The outstanding arrears of rent due to the estate were R 18,51,397 (less than a year's demand), of which R 14,51,664 were good and in process of realization. All debts had been paid off long before. There was a cash balance in hand of R 2,75,733, besides Government securities of the value of R 38,54,500. Over 150 miles of road had been constructed and bridged (in many places with screw-pile viaducts). Upwards of 20,000 trees had been planted along their sides. Feeder and village roads had been made and improved. In Kharakpui, extensive irrigation works, securing that property against famine, had been made and opened. A large bazaar had been built at Darbhanga, including a handsome public serai.<sup>1</sup> The old palace was considerably improved and was made the centre of a pretty garden some fifty acres in extent. In lieu of the ruinous system of farming leases, the whole estate had been brought under direct management. Collections were made without friction or difficulty. The outlying *zamat* lands<sup>2</sup> had been equitably settled with indigo-planters, while those in the vicinity of villages had been reserved for the ryots, thus putting an end to the constant disputes between the factories and the cultivators. Hundreds of small embankments, water-channels, tanks, and wells had been constructed from advances made without interest to the tenants. Complete surveys had been made of the greater part of the property, and a considerable area had been resettled to the advantage both of the estate and of the cultivators. Twenty vernacular schools had been established by the Raj, educating 1000 children, and being at the same time given to other educational institutions not belonging to the estate. Three admirable hospitals were kept up for the use of the tenantry, while assistance was also afforded to six charitable dispensaries in various places near. Above all, both the Maharaja and his brother had received a thorough English education, were proficient in many exercises, and free from the vices which are too often the ruin of native magnates. The Maharaja had been trained to manage his own affairs, and to take a lively interest in the welfare of his people, while his brother had been deemed

<sup>1</sup> Saran or Sarai (P) is a public inn or resting-place.

<sup>2</sup> Zamat (Zamiat A) means 'cultivation,' and is one of the several

terms used to indicate the private or home farm of the landlord. It is practically equivalent to *nij* or *nij-jot*, or *kamat* or *khamar* land.



fit for appointment to the civil service of the province, in which he is now an Assistant Magistrate

‘During the incumbency of the Court of Wards, the aggregate demand of rent due to the estate amounted to R 4,26,79,578. Of this, R 3,54,66,458, or 83 per cent, were collected, and R 55,39,610 remitted. The total receipts from all sources during the management were R 4,84,50,669, and the total disbursements R 4,80,86,228, of which R 32,90,934, or only 6 per cent of the receipts represents the cost of management. R 80,41,113 were expended in payment of Government revenue, and R 31,98,000, or 6 per cent of the receipts in the allowances of the family, including social and religious ceremonies. The collection of rent was on several occasions during the management seriously affected by drought and scarcity. These calamities serve to explain the heavy remissions of rent shown in the accounts. The total expenditure on public works from first to last was R 54,92,245.’

## SECTION VII—OTHER BRANCHES OF REVENUE-DUTY.

There are other branches of a revenue officer's duty which occupy a considerable space in the Revenue manuals. It is not within the scope of this work to deal with these branches, they are all fully provided for by special Acts and by Revenue Rules.

As an example I may instance the question of agricultural loans (Act XII of 1884), the rules for ‘Taqáví,’ or advances made for land improvements (Act XIX of 1883).

The road cess assessment and collection under Bengal Act IX of 1880, to which incidental allusion has already been made, forms, in Bengal, another special branch of a revenue officer's duty. In other provinces, as a rule, a cess for the same purposes is assessed along with the land-revenue, and is collected at the same time and by the same process. In Bengal, the arrangements of the Permanent Settlement did not include this, and therefore an Act was required, which makes not only estates, but every kind of tenure and cultivating holding, liable to pay a small contribution to the maintenance of a fund for roads and

communications (There is a Cess Manual, 1888, issued by the Board which gives all the rules )

The acquisition of lands for public purposes under Act X of 1870 is practically a branch of revenue duty, as it is the Collector who makes the first award of compensation, moreover, when the land is expropriated the revenue on it has to be remitted, so that the 'taujih' department is also concerned

Full instructions regarding the form of submitting a proposal to expropriate lands, and other details of procedure, are to be found in the Board's Rules, a reference to these and to the Act X of 1870 will make the whole matter clear Further detail here is not required

The Waste Land Rules have also a great importance in Bengal, as there are still lands available, about Darjiling, and in the Sundarbans I have already given some account of the working of these Rules, as far as the tenures resulting from them are concerned<sup>1</sup> I have here only to add that some revised rules were issued in 1888, and that the whole subject is now to be studied in the *Waste Land Manual*, 1888

<sup>1</sup> See p 479, *ante*



